REGULATION UPDATE

Things change rapidly in the world of corporate governance regulation. Three of the countries included in table 7.1 have updated their codes of corporate governance as you can see in the updated version, below:

Updated Table 7.1 A comparison of corporate governance codes in Europe

Country	Separation of CEO/chair	Majority of board independent	Three subcommittees	Board evaluation
Belgium (2009)[2]	✓	NED	✓	✓
Finland (2010)[1]	✓	✓	✓	✓
Greece (2011)[4]	X	NED	✓	✓
Iceland (2009)[4]	✓	✓	✓	✓
Luxembourg (2009)[1]	✓	X	✓	✓
Malta (2005)[3]	✓	X	audit and remuneration	✓
Norway (2010)[2]	✓	NED[5]	✓	✓
Romania (2009)[1]	X	X	✓	✓
Russia (2002)[2]	X	X	audit and remuneration	✓
Spain (2006)[1]	X	X	✓	✓
Sweden (2010)[2]	✓	✓	✓	✓
Switzerland (2008)[2]	X	NED	✓	✓
Turkey (2005)[1]	✓	NED	✓	✓
United Kingdom (2010)[2]	✓	✓	✓	✓

Notes:

1 Code issued by the stock market or securities commission.
2 Code issued by a corporate governance committee.
3 Code issued by other regulator.
4 Code issued by directors' organisation or trade body.
5 Boards in Norway do not include any company executives. The majority of the members elected by shareholders should be independent.

By far the biggest changes have occurred in the Greek Code. The Code advocates the separation of the roles of CEO and Chair, but cites cultural reasons for not including this as a requirement. It does stipulate that the majority of board members should be non-executives and one-third should be independent. It also requires boards to have audit, nomination and remuneration committees and to conduct regular evaluations of their performance. The changes made bring this Code in line with the others described in table 7.1. While the authorities in Finland and Norway have also revised their codes, the changes have not affected the features discussed in the table.

Updated Table 7.2 A comparison of corporate governance codes in North America

Country	Separation of CEO/chair	Majority of board independent	Three subcommittees	Board evaluation
Canada (2006)[1]	✓	✓	✓	X
US (2010)[1]	X	✓	✓	X

Notes:

1 Code issued by the stock market or securities commission.
2 Code issued by directors' organisation or trade body.

The New York Stock Exchange published a report on corporate governance in September 2010. This is a report rather than a code, so it summarises and discusses regulation in the area rather than introducing anything new. As you can see in the updated version of table 7.3 it does not mention board evaluation, and makes no changes to the existing recommendations.

The Qatar financial services authority publishes a Code in 2009 which became available on the ECGI website in April 2011. As you can see in updated table 7.4 this code is quite strict in comparison with others in the region, and in terms of the headings in that table differs from the UK Code only in that one-third, rather than the majority of board members should be independent.

Updated Table 7.4 A comparison of codes of corporate governance in the Middle East and Africa

Country	Separation of CEO/chair	Majority of board independent	Three subcommittees	Board evaluation
Bahrain (2010)[3]	✓	NED	✓	✓
Egypt (2006)[4]	✓	NED	audit and remuneration	X
Kenya (2002)[2]	✓	X	✓	✓
Nigeria (2003)[1]	✓	X	audit and remuneration	X
Qatar (2009)[1]	✓		✓	✓
Saudi Arabia (2006)[3]	✓	X	✓	X
South Africa (2009)[2]	✓	NED	✓	✓
Tunisia (2008)[4]	✓	X	✓	X
United Arab Emirates (2007)[1]	✓	NED	audit and remuneration	X

Notes:

1. Code issued by the stock market or securities commission.
2. Code issued by a corporate governance committee.
3. Code issued by other regulator.
4. Code issued by directors' organisation or trade body.

In addition to the new corporate governance codes, the ECGI website has also made available two new codes of conduct for institutional investors. The Committee on Responsible Investing by Institutional Investors in South Africa published its draft code in 2010 and a year later the European Fund and Asset Management Association (EFAMA) published a pan-European code. The EFAMA code is similar to the UK stewardship code in its emphasis on the need for institutions to determine and disclose a policy on monitoring, voting and intervention in corporate affairs. In addition, the draft South African code discusses policy with respect to environmental and social issues as well as corporate governance.