



FACULTY OF LAW

Centre for Commercial Law Studies

Corporate Governance: The Costs and Benefits of Disclosure

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Chairperson: Assoc Prof Tey Tsun Hang, NUS

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ABSTRACT

Corporate governance is important. An effective and sustainable corporate governance infrastructure helps promote investor confidence and assist companies in meeting investors' expectations. Yet, in the aftermath of the financial crisis, policy makers and legislatures once again bemoan the absence of a corporate governance infrastructure that adequately protects minority investors and other stakeholders in listed companies. Obviously, minority investor protection will be challenging without access to reliable and up-to-date information about the ownership, including the identity of the controlling beneficial owners, and control structures of listed companies. It should thus come as no surprise that policymakers and regulators want tighter and more stringent disclosure and reporting rules. Despite the clear benefits, a disclosure and reporting regime has its costs as well. This paper argues, therefore, that a proportionate and flexible reporting and disclosure regime that combines the best of two "worlds", i.e., protection against self-dealing activities from self-interested managers and "controlling" shareholders without creating disincentives for these shareholders to intervene in badly managed companies, should be implemented. Furthermore, in order to have practical relevance, the disclosure and reporting requirements should be complemented with investigation and enforcement mechanisms to ensure accurate and timely disclosure.

BIOGRAPHY OF SPEAKER

Erik P.M. Vermeulen is Senior Counsel Corporate at Philips in the Netherlands. In this function, he works on matters of corporate governance and corporate structuring within the Philips group of companies, international M&A transactions and corporate venturing. Erik Vermeulen is also Professor of Business Law at Tilburg University Law School. He is Chairman of the Department of Business Law. In addition to having held visiting positions at Ghent University in Belgium, Pontificia Universidad Javeriana in Colombia and Tias-Nimbas Business School in the Netherlands, he is also visiting professor at Kyushu University Faculty of Law in Japan. He has worked on international projects concerning financial markets, corporate law and corporate governance in listed and non-listed companies. He has written extensively in the area of corporate law, partnership law, corporate governance, joint ventures and venture capital. His current research looks at trends in corporate governance, disclosure regimes, financial and venture capital markets, dispute resolution and enforcement, and listings on alternative stock markets. He is a member of the European Venture Club Council and a member of the Board of the Foundation for Education of Inhouse Lawyers in the Netherlands.

REGISTRATION

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