

## **Corporate Governance and Company Law: – Commission announces results of consultation on Action Plan**

*The European Commission has published on the Europa Internet site a synthesis of the results of the consultation on the Commission's Communication on "Modernising Company Law and Enhancing Corporate Governance in the European Union – A Plan to Move Forward" (see [IP/03/716](#) and [MEMO/03/112](#)). The Action Plan, adopted on 21 May 2003, proposed a set of initiatives aimed at strengthening shareholders' rights, reinforcing protection for employees and creditors and increasing the efficiency and competitiveness of European business. It also devotes special attention to a series of corporate governance initiatives aiming at boosting confidence on capital markets. The Plan was open to public consultation until mid-September. The Commission will now fully consider all contributions received and take the results of the consultation into account when implementing the Action Plan. The full synthesis report is available on the Europa website at [http://europa.eu.int/comm/internal\\_market/en/company/company/modern/index.htm](http://europa.eu.int/comm/internal_market/en/company/company/modern/index.htm)*

Internal Market Commissioner Frits Bolkestein said: "The results of this consultation show the strength of the consensus on the thrust of the Action Plan and on the main measures within it, which aim to deliver an integrated and modern company law and corporate governance framework. It shows that business, markets and investors all know that if companies are not run efficiently and openly, they cannot deliver the right results for their shareholders and for the wider economy. The Commission will listen carefully to what respondents are saying on the detail of the Action Plan and take their comments into account in implementing the various initiatives within it."

### **Positive responses**

The Commission received 114 responses to the consultation. These came from 17 countries in total, including 14 current EU Member States and one acceding country, as well as from representative organisations at EU and international level.

Responses were received mainly from

- National administrations
- Industry representatives
- Institutional investors
- Professional service providers (auditors, accountants, lawyers)
- Financial service providers

There was widespread support for a very large majority of the proposals for legislative and non-legislative action contained in the Action Plan. The Commission initiative to modernise company law and enhance corporate governance was considered by the vast majority of respondents as an essential step to restore confidence in capital markets and the EU economy. Most respondents also agreed with the Commission on the timing envisaged for the realisation of the Action Plan and the degree of priority attached to individual measures. Some concerns were, however, expressed on certain specific measures and on the legislative nature of some of the initiatives envisaged.

### **Next steps**

The Commission will implement the Action Plan, taking due account of the comments expressed in the consultation. It has already adopted on 18 November a proposal for Directive on cross-border mergers (see [IP/03/1564](#) and [MEMO/03/233](#)). Other company law proposals will follow in 2004, for the simplification and modernisation of the "2<sup>nd</sup> Company Law Directive" on capital maintenance and alteration and for a Directive on the cross-border transfer of company "seat".

As indicated in the Commission work programme for 2004, the first corporate governance initiatives under the Action Plan are expected for the second half of 2004. The Commission sees the following initiatives as the most urgent:

- a Recommendation aiming at promoting the role of non-executive or supervisory directors (nomination, remuneration and audit committees)
- a Recommendation on directors' remuneration, giving shareholders more information and influence.

As announced in the Action Plan, the Commission will ensure that open, public consultations are organised where appropriate on the major initiatives of the Action Plan.