Review Article
UDC 347.7:65.012.4(4-67EU)

SHAREHOLDERS ACTIVISM

Tina Jakupak *

ABSTRACT

The author in text analyses the European Commission's Proposal of Shareholders Rights Directive (hereinafter as: Directive 2007/36/EC) revision. A dynamic development of European company law demands amendment and improvement in existing legal frame. The proposal to revise the existing Directive 2007/36/EC has come as an answer to economy crisis in Europe. One main lesson of the crisis is that appropriate regulation and supervision of financial sector is necessary to restore financial stability and confidence in the markets. Directive 2007/36/EC and its proposed amendment are the first and foremost instruments of company law, with improved corporate governance as their underlying policy objective. Company law, in the frame of European Union, is a field where obligations are imposed to the companies and their boards especially for protection of their members and other interested parties. Some of these obligations are considered as anachronism and non relevant. For this reason, the European Commission is constantly seeking for better solutions. In the proposal, the European Commission wants to give shareholders – and institutional investors in particular – a more transparent, easily managed and influential role in corporate governance. The Proposal focuses on shareholders, but we should bear in mind that other actors –employees, consumers and local communities – are also highly relevant. For companies to be well - run, there has to be a respect for and active engagement from all shareholders. Stimulating stronger shareholder engagement is one of several ways to do that. A set of measures proposed by the European Commission is a reasonable step in the right direction. In this context, this is an outline of the new legislation highlights.

* Judge at Commercial Court in Zagreb, tina.jakupak@tszg.pravosudje.hr

1. INTRODUCTION

On 9 April 2014, the European Commission presented a proposal to revise Directive 2007/36/EC[1] on shareholders rights (hereinafter as: Directive 2007/36/EC) and Directive 2013/34/EC on the annual financial statements (hereinafter as: Directive 2013/34/EC).[2] The principal objectives of proposal of Directive 2007/36/EC are: to increase transparency, to make sure that the internal market works in the time of crisis and to invite investors to take their commitments seriously. The European Commission wants to improve corporate governance of listed companies by engaging the shareholders more. The European Commission wants to activate shareholders in exercising their rights.[3] The objective of European Commission is to improve and enhance the obligation of company stakeholders, first of all the institutional shareholders, asset managers, proxy advisers, to report. The proposal introduces 'say on pay'[4] and shareholder oversight on related party transaction.

2. A LITTLE BIT OF HISTORY

The "corporate governance" first came into vogue in 1970's in the United States. Within 25 years the corporate governance has become the subject of debate worldwide by academics, regulators, executives and investors.[5] Corporate governance and company law are essential to ensure that companies are

[1] Directive 2007/36/EC of the European Parliament and of the Council od 11 July 2007 on the exercise of certain rights of shareholders in listed companies, OJ L 184, 14.7.2007.

[2] Directive 2013/34/EC of the European Parliament and of the Council of 26 June 2013on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC OJ L 182/19, 29 June 2013

[3] More on shareholders rights see in Horak, H., Dumančić, K: Jačanje prava dioničara i pravo dioničara na informacije, Pravni vjesnik : tromjesečni glasnik za pravne i društveno-humanističke znanosti Pravnog fakulteta Sveučilišta J.J. Strossmayera u Osijeku, quarterly journal of law and social sciences of the Law Faculty of University J.J. Strossmayer in Osijek, (2011), 3/4, str. 191-217

[4] „Say on pay" principle is one of the corporate governance rules. It is prerequisite for transparency rules regarding companies. More on comply or explain principle and its connection with say on pay principle see in Horak, H., Bodiroga-Vukobrat, N.: EU Member States´ Experiences with the „Comply or explain" Principle in Corporate Governance, Croatian Yearbook of European Law and Policy, Vol. 7, Zagreb, 2011.

[5] Brian R. Cheffins The History of Corporate Governance University of Cambridge - Faculty of Law; European Corporate Governance Institute (ECGI), December 1, 2011

well-governed and sustainable[6] in a long-term and therefore have an important role to play in a long-term financing of the European economy.

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.[7] In the company, we have to distinguish: the management and the shareholders. The company's management makes decisions in the best interests of the company. The shareholders are the owners of companies and they have commitments to the company. They should exercise their rights, monitor the company, etc. They should hold company boards accountable. Corporate governance and company law are essential to ensure that companies are well-governed. They also have very important role in financing the European economy.

Since 1990's the shareholders activism has been high on the corporate governance agenda, as has executive pay (Murphy, 2002: 856-57), and corporate governance had a strong international dimension.[8]

Shareholders activism is the way in which the shareholders can assert their power as owners of the company to influence its behaviour. Activism covers a wide spectrum of activities. Activism includes "voting with ones feet" (exit), private discussion or public communication with corporate boards and management, press campaigns, blogging and other e-ways of public "naming and shaming", openly talking to other shareholders, putting forward the shareholder resolutions, calling shareholder meetings and – ultimately - seeking to replace individual directors or the entire board. In some cases, the shareholders activism is directed against other large shareholders, not against directors.

[6] Horak, H., Dumančić, K.: Transparency and disclosure as key elements for companies and markets, The 2nd International Conference "Legal and Economic Aspects of Corporate Governance - Market Transparency and Disclosure in Private and Public Companies" was held on 3rd and 4th May 2013 in organization of the Jean Monnet Chair/Department of Law Faculty of Economics and Business, University of Zagreb and the Judicial Academy of the Republic of Croatia, Proceedings 2013.- see more at http://web.efzg.hr/dok/KID/Zbornik%20s%20konferencije%20o%20korp%20%20upr%20%202013%20.pdf

[7] Ibid. For definitions of corporate governance see also Classens, S., Yurtoglu, B: Corporate governance in emerging markets: A Survey, 2012, available at http://ssrn.com/abstract=1988880, p. 4., OECD Principles of Corporate Governance first realised in 1998 and last time revised in 2004. Available at http://www.oecd.org/daf/ca/corporategovernanceprinciples/31557724.pdf., Zingales, L., Corporate Governance. The New Palgrave Dictionary of Economics and the Law, 1998. Available at SSRN: http://ssrn.com/abstract=46906 or http://dx.doi.org/10.2139/ssrn.46906; Shleifer, A., Vishny, R.W.: A Survey of Corporate Governance, The Journal of Finance, Vol. 52, No. 2 (Jun., 1997), pp. 737-783, available http://www.jstor.org/stable/2329497 .

[8] Brian R. Cheffins The History of Corporate Governance University of Cambridge - Faculty of Law; European Corporate Governance Institute (ECGI), December 1, 2011

Shareholders activism can be collaborative, in particular when it is conducted in private.[9]

3. CROATIAN COMPANIES ACT AND DIRECTIVE 2007/36/EC

Since the Companies Act was introduced the Croatian companies law is fully harmonized with *acquis communautaire*.[10] As regarding the company law the main provisions are contained in the Companies Act. As regarding the shareholders rights, the main provisions, among other directives, of the Directive 2007/36/EC are stipulated by the Companies Act. The main shareholders rights in the Croatian company law are right to vote in the general meeting of the company and right to receive a portion of company profits.[11] There is also a right to receive a portion of the remainder of liquidation or bankruptcy estate of the company. Pursuant to Article 169 of Companies Act[12] each share gives the right to vote in the general meeting of the company. Only preferred shares may be issued without the right to vote. Shares that provide different rights to vote in the general meeting of the company for equal par value shall not be permitted. If statutory law or Articles of Association require publication of company data or announcements, such data or announcements shall be published in the Official Gazette of the Republic of Croatia. The Articles of Association may also stipulate that company information and announcements should be also made accessible to the public through other media of public communication as well as the electronics informatic media. Under the same conditions, the shareholders shall be equal in the company (Article 211. of the Companies Act).

9 Shareholder Activism-Available at http://www.ecgi.org/activism/ visited on 14.11.2014.

10 Horak, H.; Dumančić, K.: Harmonisation of the Croatian Company Law with Aquis Communitaire of the European Union, The Business Review, Cambridge, Vol. 18, No. 2, 2011 (Horak,H., Dumančić, K.: Usklađivanje u području prava društava Republike Hrvatske s pravnom stečevinom EU, Pravo i porezi, br.5, 2011)

11 Horak,H., Dumančić, K.: Jačanje prava dioničara i pravo dioničara na informacije, Pravni vjesnik : tromjesečni glasnik za pravne i društveno-humanističke znanosti Pravnog fakulteta Sveučilišta J.J. Strossmayera u Osijeku, quarterly journal of law and social sciences of the Law Faculty of University J.J. Strossmayer in Osijek, (2011), 3/4, str. 191-217

12 Companies Act (Official Gazette of Republic of Croatia no. 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 111/2012, 125/2011, 68/2013)

4. REVISION OF THE SHAREHOLDER RIGHTS DIRECTIVE - DIRECTIVE 2007/36/EC

The EU flagship initiative “An industrial policy for the globalisation era” – Elements of the Commission´s Strategy[13] as a part of Europe 2020 Strategy highlights the importance of improving the business environment, especially for SMEs[14] and to support the development of a strong and sustainable industrial base able to compete globally.[15] Different analysis of the shareholders rights exercise shows a lack of their involvement and use of rights in concrete situations.[16] One of the main reasons for revision of Directive 2007/36/EC was intention to „force“ the shareholders to actively participate in realisation of their rights.

Directive 2007/36/EC implemented the minimum standards relating to the exercise of shareholders’ rights to vote, and participate in, general meetings as well as shareholders’ access to information.

The proposal involves a corporate governance shortcomings relating to listed companies and their boards, shareholders (institutional investors and asset managers), intermediaries and proxy advisors.

4.1. LEGAL ELEMENTS OF PROPOSAL

The proposal is based on Article 50(2) (g) and Article 114 of the Treaty on the Functioning of the European Union (TFEU)[17] which is the legal basis for Di-

[13] European Commission, An industrial policy for the globalization era, MEMO/10/532, available at http://europa.eu/rapid/press-release_MEMO-10-532_en.htm?locale=en

[14] Small and medium-sized enterprises are in the focus of numerous strategic EU documents and are defined as an engine of the European economy. See more on SMEs in The new SME definition, User guide and model declaration, European Commmission, Enterprise and industry publications, 2005., available at http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

[15] Communication from the Commission Europe 2020. A strategy for smart, sustainable and inclusive growth, COM(2010) 220 final-available at http://ec.europa.eu/europe2020/index_en.htm

[16] Horak, H., Dumančić, K.: Jačanje prava dioničara i pravo dioničara na informacije, Pravni vjesnik: tromjesečni glasnik za pravne i društveno-humanističke znanosti Pravnog fakulteta Sveučilišta J.J. Strossmayera u Osijeku, quarterly journal of law and social sciences of the Law Faculty of University J.J. Strossmayer in Osijek, (2011), 3/4, str. 191-217; see also Study on monitoring and enforcement pracitces in Corporate Governance in the Member States, RiskMetrics Group, 2009., available at http://ec.europa.eu/internal_market/company/ecgforum/studies_en.htm

[17] Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, OJ C 306 od 17. 12. 2007. -Consolidated versions of the Treaty

rective 2007/36/EC. Article 50(2)(g) provides for the EU a competence to act in the area of corporate governance. It provides in particular for coordination measures concerning the protection of interests of companies' members and other stakeholders, such as creditors, with a view to making such protection equivalent throughout the European Union. Article 114 is the legal basis for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.[18]

4.2. REASONS FOR REVISION

Directive 2007/36/EC establishes requirements in relation to the exercise of certain shareholders rights attaching to voting shares in relation to general meetings of companies which have their registered office in a Member State and whose shares are admitted to trading on a regulated market situated or operating within a Member State.[19]

The proposal for Revision has been prepared following the 2010 Green Paper on corporate governance in financial institutions,[20] the 2011 Green Paper on the EU corporate governance framework[21] and the 2013 Green Paper on a long-term financing of the EU economy.[22]

The European Commission has identified a number of corporate governance shortcomings particularly at the level of shareholder control. This is why the proposal focuses on the role of shareholders.

on European Union and the Treaty on the Functioning of the European Union, OJ C 115 od 9.05.2008.

[18] Document 52014PC0213 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement /* COM/2014/0213 final - 2014/0121 (COD) */ available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2014:213:FIN

[19] Horak, H., Dumančić, K., Pecotić Kaufman, J.: Uvod u europsko pravo društava, Školska knjiga Zagreb, 2010.

[20] GREEN PAPER Corporate governance in financial institutions and remuneration policies, COM(2010) 285 final, COM(2010) 286 final available at: http://ec.europa.eu/internal_market/company/docs/modern/com2010_284_en.pdf

[21] GREEN PAPER The EU corporate governance framework, COM(2011) 164 final; available at http://ec.europa.eu/internal_market/company/docs/modern/com2011-164_en.pdf

[22] GREEN PAPER LONG-TERM FINANCING OF THE EUROPEAN ECONOMY, COM/2013/0150 final, available at: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52013DC0150

The European Commission in Directive 2007/36/EC proposal explanatory memorandum says:

„The impact assessment undertaken by the Commission services identified five main issues: 1) Insufficient engagement of institutional investors and asset managers; 2) Insufficient link between pay and performance of directors; 3) Lack of shareholder oversight on related party transactions and 4) Inadequate transparency of proxy advisors 5) Difficult and costly exercise of rights flowing from securities for investors."[23]

In light of careful assessment of these policy options, it appeared that the following preferred option would best fulfil the objectives without imposing disproportionate burdens:

1) Mandatory transparency of institutional investors and asset managers on their voting and engagement and certain aspects of asset management arrangements;
2) Disclosure of the remuneration policy and individual remunerations, combined with a shareholder vote;
3) Additional transparency and an independent opinion on more important related party transactions and submission of the most substantial transactions to shareholder approval;
4) Binding disclosure requirements on the methodology and conflicts of interests of proxy advisors;
5) Creating a framework to allow listed companies to identify their shareholders and requiring intermediaries to rapidly transmit information related to shareholders and to facilitate the exercise of shareholder rights.[24]

4.3. IMPROVING THE ENGAGEMENT OF INSTITUTIONAL INVESTORS AND ASSET MANAGERS

The emphasis is given to shareholders whose degree of engagement can be essential to a long-term sustainability of a company. In that view it is necessary that institutional shareholders[25] and asset managers develop an engagement

[23] Ibid 10

[24] Ibid 10

[25] The instutional shareholders are a business, such as a mutual fund, bank or insurance company, that holds shares in a publicly-traded company-definition available at: http://financialdictionary.thefreedictionary.com/Institutional+Shareholders

policy. The practice will show us how institutional investors[26] will be able to disclose the results of engagement policies. Articles 3f to 3h try to increase the transparency of institutional investors and asset managers.

Article 3f contains a definition of 'engagement policy' and what engagement policy should determine, i.e. how institutional investors and asset managers should conduct all of the following actions:

(a) to integrate shareholder engagement in their investment strategy;

(b) to monitor investee companies, including on their non-financial performance;

(c) to conduct dialogues with investee companies;

(d) to exercise voting rights;

(e) to use services provided by proxy advisors;

(f) to cooperate with other shareholders.

Basically, all institutional investors and asset managers should be obliged to develop an engagement policy and to be transparent about its application.

Institutional investors and asset managers must publicly disclose their engagement policy and explain how it has been implemented as well as the results of the policy. This should include a disclosure, for each company in which they hold shares, of how they cast votes in general meeting and an explanation for their voting behaviour. Institutional investors must disclose to the public in what way their equity investment strategy is aligned with the profile and duration of their liabilities and how it contributes to the medium and to a long-term performance of their assets (Article 3g).

Asset managers must disclose to institutional investors how their investment strategy complies with the arrangements agreed with the particular institutional investor and how the investment strategy and decisions contribute to the medium to long-term performance of the assets of the institutional investor. [27]

[26] Institutional investors are entities with large amounts to invest such as investment companies, mutual funds, brokerages, insurance companies, pension funds, investment banks and endowment funds. Institutional investors are covered by fewer protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves. They account for a majority of overall volume. Read more: http://www.investorwords.com/2504/institutional_investor.html#ixzz3KjcH7Z67

[27] http://www.linklaters.com/Insights/Publication1005Newsletter/UK-Corporate-Update-16-April 2014/Pages/European-Commission-proposes-directive.aspx

4.4. STRENGTHENING THE LINK BETWEEN THE REMUNERATION AND PERFORMANCE OF DIRECTORS

In the past years, the efforts in remuneration of directors have been made through legislation and through corporate governance codes in each of the national corporate governance system. The new level of legislation is being proposed by this Directive 2007/36/EC. The European Commission has proposed the following amendments to be adopted by the Member States in due course: right to vote on the remuneration policy and information to be disclosed in remuneration report and the rights to vote**.** Listed companies will be required to publish a remuneration policy every three years and a remuneration report every year setting out how they have paid each director in the previous year. Articles 9a and 9b will require listed companies to publish detailed and user-friendly information on the remuneration policy and on the individual remuneration of directors, while Article 9b empowers the Commission to provide for a standardized presentation of some of this information in an implementing act.[28]

There are positive sides as to help increase the confidence in companies by giving clear information on remuneration of directors. A balance is needed to avoid the negative side effects. Shareholders are entitled, among other things, to dismiss the board, if the board does not take appropriate corporate decision. So there is a potential negative side effect of mixing up the roles in companies: the shareholders' role and the boards' role. Besides, different companies have different organisational structure, so the question is: Is it necessary to shift the competences (and responsibilities) from the board to the shareholders?

Article 9a (3) contain binding inclusion of maximum amounts of total remuneration in the policy. Every company has its own specifics depending on many factors so it is difficult to compare indexes of different companies. It should have in mind what is important for shareholders and investors: directors' remuneration should ensure that the remuneration is adjusted to their competence, responsibilities and companies profit. For a system with remuneration policies to be rational and meaningful, the policies cannot too often or too much be put to the side. It needs to be clear that there is a difference between procedures for establishing the remuneration of directors and systems of wage formation for employees.

[28] Ibid 18 at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2014:213:FIN

4.5. IMPROVING THE SHAREHOLDER OVERSIGHT ON RELATED PARTY TRANSACTIONS

When it comes to related party transaction, national legislations have various and specific conformance.

The amendment proposes that related party transactions representing more than 5% of a listed company's assets or that can have a "significant impact" on profits or turnover must be put to a vote of the shareholders in general meeting and cannot be completed without the shareholders' approval. Listed companies must publicly disclose related party transactions that represent more than 1% of the listed company's assets and include a report from an independent third party that the transaction is fair and reasonable from the perspective of the shareholders, including minority shareholders.[29] There should be a proper European minimum level to counter a problematic pattern of abusive transactions, but that level does not have to be very high, depending on national conditions and practices.

4.6. ENHANCING TRANSPARENCY OF PROXY ADVISORS

Proxy advisor means a legal person that provides, on a professional basis, recommendations to shareholders on the exercise of their voting rights.[30]

A key problem regarding proxy advisors is that some of them sometimes tend to work for different stakeholders at the same time. This is not reasonable.

Under new, not yet adopted, rules the Member States should ensure that proxy advisors adopt and implement adequate measures to guarantee that their voting recommendations are accurate and reliable, based on a thorough analysis of all the information that is available to them.[31]

The role of proxy advisors is increasingly decisive because a great number of shareholders engage with companies they are investing in.

---

[29] http://www.linklaters.com/Insights/Publication1005Newsletter/UK-Corporate-Update-16-April2014/Pages/European-Commission-proposes-directive.aspx#sthash.tPornT2j.dpuf

[30] Ibid 18 Article 2i Amendments to Directive 2007/36/EC-http://eur-lex.europa.eu/legal content/EN/TXT/?uri=COM:2014:213:FIN

[31] Ibid 18 Article 3i (1) Amendments to Directive 2007/36/EC-http://eur-lex.europa.eu/legal content/EN/TXT/?uri=COM:2014:213:FIN

4.7. FACILITATING THE EXERCISE OF RIGHTS FLOWING FROM SECURITIES FOR INVESTORS

Articles 3a to 3c empower the European Commission to adopt implementing acts to ensure an efficient and effective system of shareholder identification, transmission of information and facilitation of exercise of shareholder's rights, and also transparency on costs and third country intermediaries.

Article 3a of the proposal requires Member States to ensure that intermediaries offer to listed companies the possibility to have their shareholders identified. Intermediaries should, on the request of such a company, communicate without undue delay the name and contact details of the shareholders.

Article 3b provides that if a listed company chooses not to directly communicate with its shareholders, the relevant information shall be transmitted to them by the intermediary.

Article 3c requires that intermediaries facilitate the exercise of the rights by the shareholder, including the right to participate and vote in general meetings and requires companies to confirm the votes cast in general meetings by or on behalf of shareholders.[32]

5. CONCLUSION

The European Commission has recognised that it must harmonise regulation, improve transparency, delete and replace anachronisms and boost the cross-border investment. Amending Directive 2007/35/EC is a right way to improve a long-term sustainability of EU corporations by identifying and addressing the gaps in the current European corporate governance regime. However, the proposal should take into account the differences in the existing laws of Member States. It should also preserve the existing flexibility on companies which is required to encourage entrepreneurship. Directive is not as precise as the Regulation and flexibility is needed for Member States to transpose the Directive into the national law,[33] taking into account different markets and different laws.

Under new rules, key decision and powers are moving from the boards to shareholders. Is that a right way? An effective board consists (or should con-

[32] Ibid 18 at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2014:213:FIN

[33] On transposition oft he directives into the national law see more in Horak, H., Dumančić, K..: Problemi implementacije Direktive o uslugama u pravo RH – odustajanje od socijalnog modela na nacionalnom nivou, Zbornik pravnog fakulteta u Sveučilišta u Rijeci, Vol. 32, br.2, Rijeka, 2011.

sist) of individuals with a significant amount of relevant experience, expertise and they are placed to oversee the best interests of the company. The board is the body where the company's interest is considered, while in the general meeting the opinion and individual interests of shareholders will prevail. By mixing these two things, the board and shareholders, may cause a great risk and problems. A better way may be the board transparency instead of shareholders engagement by providing information about the board and its activities.

To conclude, legislation is easy to propose but it is difficult to wind off. Positive sides of amendment are: larger engagement of shareholders through the possibility to vote shares abroad without any obstacles; shareholders should have the right to approve the remuneration policy and report of companies directors; related party transactions are not transparent for shareholders so it is required to provide shareholders with an independent auditor's report confirming that the transaction was fair and reasonable. Passivity of shareholders is not acceptable.

Other issues are yet to be seen but the European Commission must uphold the principle of better regulation.

LITERATURE:

BOOKS AND ARTICLES/PAPERS

1. Barbić, J.: Pravo društava, Knjiga prva, opći dio, Organizator, Zagreb 1999.
2. Barbić, J.: Sazivanje glavne skupštine i ostvarenje prava dioničara nakon Novele Zakona o trgovačkim društvima iz 2009. godine, u Zborniku 48. Susreta pravnika, Hrvatski savez udruga pravnika u gospodarstvu, Opatija 2010.
3. Brian R. Cheffins: The History of Corporate Governance University of Cambridge - Faculty of Law; European Corporate Governance Institute (ECGI), December 1, 2011.
4. Classens, S., Yurtoglu, B: Corporate governance in emerging markets: A Survey, 2012, available at http://ssrn.com/abstract=1988880, p. 4., OECD Principles of Corporate Governance first realised in 1998 and last time revised in 2004.
5. Gorenc, V.: Komentar Zakona o trgovačkim društvima, RRIF, Zagreb, 2008.
6. Horak,H., Dumančić, K., Pecotić Kaufman, J.: Uvod u europsko pravo društava, Školska knjiga, Zagreb, 2010.
7. Horak,H., Dumančić, K.: Jačanje prava dioničara i pravo dioničara na informacije, Pravni vjesnik : tromjesečni glasnik za pravne i društveno-humanističke znanosti Pravnog fakulteta Sveučilišta J.J. Strossmayera u Osijeku, quarterly journal of law and social sciences of the Law Faculty of University J.J. Strossmayer in Osijek, (2011), 3/4, str. 191-217
8. Horak, H., Dumančić, K.: Usklađivanje u području prava društava RH s pravnom stečevinom EU, Pravo i porezi, br.5, 2011.

9. Horak, H., Bodiroga-Vukobrat, N.: EU Member States´ Experiences with the „Comply or explain“ Principle in Corporate Governance, Croatian Yearbook of European Law and Policy, Vol. 7, Zagreb, 2011.

10. Horak, H., Dumančić, K..: Problemi implementacije Direktive o uslugama u pravo RH – odustajanje od socijalnog modela na nacionalnom nivou, Zbornik pravnog fakulteta u Sveučilišta u Rijeci, Vol. 32, br.2, Rijeka, 2011.

11. Horak, H., Dumančić, K.: Transparency and disclosure as key elements for companies and markets, The 2nd International Conference "Legal and Economic Aspects of Corporate Governance - Market Transparency and Disclosure in Private and Public Companies" held on 3rd and 4th May 2013 in organization of the Jean Monnet Chair/Department of Law Faculty of Economics and Business, University of Zagreb and the Judicial Academy of the Republic of Croatia, Proceedings 2013.

12. Horak, H., Bodiroga-Vukobrat, N., Dumančić, K., Šafranko, Z.: Hrvatsko i europsko pravo društava, Zbornik, Ekonomski fakultet Sveučilišta u Zagrebu, listopad 2012.

13. Shleifer, A., Vishny, R.W.: A Survey of Corporate Governance, The Journal of Finance, Vol. 52, No. 2 (Jun., 1997), p. 737-783

14. Zingales, L., Corporate Governance. The New Palgrave Dictionary of Economics and the Law, 1998.

LEGAL ACTS:

1. Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, OJ C 306 od 17. 12. 2007. -Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, OJ C 115 od 9.05.2008.

2. Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, OJ L 184, 14. 7. 2007

3. Amendments to Directive 2007/36/EC - Document 52014PC0213 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement COM/2014/0213 final - 2014/0121 (COD) */ available at http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2014:213:FIN

4. Directive 2013/34/EC of the European Parliament and of the Council of 26 June 2013on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC OJ L 182/19, 29.7.2013.

5. Companies Act (Official Gazette of Republic of Croatia no. 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 111/2012, 125/2011, 68/2013)

OTHER SOURCES

1. Communication from the Commission Europe 2020. A strategy for smart, sustainable and inclusive growth, COM(2010) 2020 final.
2. GREEN PAPER Corporate governance in financial institutions and remuneration policies, COM(2010) 285 final, COM(2010) 286 final available at: http://ec.europa.eu/internal_market/company/docs/modern/com2010_284_en.pdf
3. GREEN PAPER The EU corporate governance framework, COM(2011) 164 final; available at http://ec.europa.eu/internal_market/company/docs/modern/com2011-164_en.pdf
4. GREEN PAPER LONG-TERM FINANCING OF THE EUROPEAN ECONOMY, COM/2013/0150 final
5. User guide and model declaration, European Commmission, Enterprise and industry publications, 2005.
6. http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf
7. European Commission, An industrial policy for the globalization era, MEMO/10/532, http://europa.eu/rapid/press-release_MEMO-10-532_en.htm?locale=en
8. http://www.ecgi.org/activism/
9. http://www.linklaters.com/Insights/Publication1005Newsletter/UK-Corporate-Update-16-April 2014/Pages/European-Commission-proposes-directive.aspx
10. http://www.investorwords.com/2504/institutional_investor.html#ixzz3KjcH7Z67
11. http://financialdictionary.thefreedictionary.com/Institutional+Shareholders