



Press information, 31 January 2011

The Corporate Governance Board warns against over-regulation of corporate governance in listed companies by the EU

The EU is currently working on a Green Paper on corporate governance of stock exchange listed companies. Judging by preliminary discussions on the subject, the Commission is planning comprehensive and in some areas far-reaching new regulation. The system of corporate governance codes based on the principle of comply or explain has also been called into question, with demands for mandatory regulation and tougher sanctions.

The Board views this development with some concern, not only with regard to respect for shareholders' rights and their accompanying responsibilities, but also the competitiveness of listed companies relative to that of companies with other ownership structures and competitors from other parts of the world. The Swedish system of self-regulation and the Swedish corporate governance model may also be under threat from excessively far-reaching, common EU regulation in this area.

The Board has summarised its views on these issues in the attached position paper. The aim of this paper is to draw the attention of the Swedish government and other affected actors to the ongoing process and to urge consideration of a concerted response to counter any regulation that is not in the interest of Swedish business and society. The scope for a concerted Nordic response on the matter might also be considered.

The position paper can also be found on the Board's website, www.corporategovernanceboard.se.

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