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## Corporate Governance Global Research Trip to Frankfurt & Brussels 2016

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**CORPORATE GOVERNANCE GLOBAL RESEARCH**  
**TRIP TO FRANKFURT & BRUSSELS 2016**



**REPORT**



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*“Special thanks to UPenn and to Mr.  
John Gassenheimer for their  
contribution for the realization of  
this trip”.*



GLOBAL RESEARCH SEMINAR

## Comparative Corporate Governance and Financial Regulation

### CORPORATE GOVERNANCE GLOBAL RESEARCH SEMINAR FRAMEWORK

By Daniel Velázquez Escobar

The Global Research Seminar on Comparative Corporate Governance and Financial Regulation (“GRS”) was designed by Penn Law professor Jill Fisch and Goethe University professor Brigitte Haar. The purpose of the seminar was to compare corporate governance regulation and structures between the United States and Germany. The premise was that the differences of both legal systems might arise many comparative points of the approaches of two countries.

The International Program Office of Penn Law encouraged students to apply unique opportunity to learn about cutting-edge issues in corporate governance and financial regulation from a global perspective. The course was open to 2L, 3L, and LLM students and the prerequisites included having taken the Corporations class (or for the LLM’s description of their corporations exposure), a short personal statement describing their reasons for wanting to take this class

and their interest in the topic and resume or CV.

Out of 22 applicants, eleven UPenn students were chosen. The UPenn students were Katherine Belton, David Block, Sophia Dai, Konstantinos Georgiou, Do Hee Jeong, Benjamin Lee, Supawich Sirikanchana, Travis Tipton, Daniel Velazquez Escobar, Clara Wang, Tyler Winters. It was at that point when this experience started. During the Fall semester the seminar met once a week and in November we received in Philadelphia our German partners. The end goal was to work together with your partner on developing a paper and a presentation where they were going to compare a particular corporate governance topic between Germany and US. Therefore, during the spring break (March 5-12, 2015), students from Penn Law were going travel to Frankfurt to meet with their German partners and to present their research projects jointly to the seminar. In addition, the plan for the group was to travel to Brussels for meetings with important stakeholders and to engage in field research on EU corporate law and financial regulation.

## EU TRIP

### **Day 1: Arrival to Frankfurt**

*Sunday, March 06, 2016*

By Daniel Velázquez Escobar

The first stop of the field trip was Frankfurt. All Penn students arranged their own travel arrangements and met together on Sunday March 6<sup>th</sup>. The German Partners arranged a welcome committee at the Frankfurt airport in order to receive some of the UPenn students. That day the whole group visited the Goethe University and had a guided tour through the campus.



The tour started in front of the Finance Institute of the Goethe University and followed to the *IG Farben Building*. That six square wings and nine floors building complex was built in 1928-1930 and had an interesting history to tell.

The building had very two interesting historical facts. The first being that the architectural design, made by Hans Polzig, was so particular that in order to look taller the height of the floors decreases from bottom to top creating an optical effect. The second was that

the building is a reminiscence of several stages of the German history. In 1920 it was the headquarters of the IF Farben the world largest drug and



chemical conglomerate at that time. During the Second World War, it was part of the research developing buildings. After the second world war, the allied troops occupied the building and established there the American Headquarters of General Dwight D. Eisenhower. Following the German unification the State Hesse bought the land and the building for the University of Frankfurt. As the guided tour followed, we got aware of the architectural and esthetical beauty of the Goethe University Campus.

New buildings and historic buildings where surrounded by green areas and free spaces with beautiful gardens, like the Korean garden



located just behind the institute of finance. The day ended with a nice dinner at the Sturm & Drang restaurant, located on campus.



## Day 2: 1<sup>st</sup> Presentations Day

*Monday, March 07, 2016*

By Do Hee Jeong

The first day of presentations began early at 8:45 AM sharp with the warm introduction by Professor Haar at the House of Finance at Goethe University. Over the course of the year, each Penn Law student worked with a German partner to write a joint paper comparing the U.S. and German perspectives on a given corporate governance topic. The presentations provided a constructive forum to not only learn about the

overview of how corporate law and financial regulations were made in each respective country, followed by Sophia Dai and Christian Helfrich's presentation on how corporate ownership structure and control mechanisms affect corporate governance in the U.S. and Germany. Building from these broad contours, the next presentation block focused on key aspects that distinguish the two



different aspects of corporate governance in the two jurisdictions, but also fully appreciate how closely intertwined these issues are with each other. This productive exchange opened the program on a strong note.

First, Supawich Sirikanchana and Sharareh Zand provided a broad

corporate governance systems. David Block and Anne-Marie Gerstner compared the role of the board of directors, focusing on the benefits and disadvantages of one-tier and two-tier board structures. In addition, Konstantinos Georgiou and Fabian Brandt shed light on the implications of having a stakeholder model in Germany,

as opposed to the more narrow shareholder-oriented system dominant in the U.S.

The remaining presentations focused on two particular issues in corporate governance hotly discussed in both countries: gender diversity and executive compensation. First, Tyler Winters and Madhuri Jacobs-Sharma discussed the issue of gender diversity on corporate boards and efforts both the private and public sectors are putting into lessening the gender gap. Second, Daniel Velazquez Escobar and Moritz Reinhard analyzed the structure and legal framework of executive compensation in each country, followed by an in-depth case study of *Mannesmann* and *Disney* by Do Hee Jeong and Maurice Weidhass that highlighted possible governance failures that led to the two executive compensation schemes that received wide criticism in each respective country for their magnitude. At the end of each presentation, the students and professors had the opportunity to engage more deeply with the topics and ask questions to the presenters. During this fluid dialogue, the students were able to openly grapple with the challenging corporate governance issues confronting both countries and entertain solutions through the

comparative study of the two different legal systems.

In addition to the presentations, the students were welcomed to the university over a lunch reception with the Dean of the Law School, Dr. Ute Sacksofsky who shared the unique history of Goethe University with the Penn students.



### Day 3: 2<sup>nd</sup> Presentations Day

Tuesday, March 08, 2016

By Konstantinos Georgiou

On Tuesday, it was the second day of the presentations; our day started at 10am at the Goethe University Frankfurt and our presentations continued at the House of Finance, room “*Deutsche Bank*”. At the end of the day, we were invited to go to a reception dinner at Morgan Lewis Frankfurt’s office.

The presentations this day were organized in two blocks as well. The

first block of the

presentations began by Michael Primbs and Clara Wang’s presentation, who

respectively presented “*German and US scandal cases of corporate governance failures*”. In particular, on the German side, Michael shed more light on the Siemens case whereas Clara clarified many doubts related to the Enron case in the US.

The second presentation was about “*Dual Class Stock*” and was made by Katharine Belton and Gabriel Walter. This topic helped us understand the

notion of *Dual class stock* in each country. Although both Germany and the US have introduced dual stock in their interior legal systems, they use them in a different way. The presentation examined the differences in a comparative way as well as their efficiency in each country.

The third presentation of the first block made by Marvin Fechner and Travis Tipton, focused on the role of “*Securities regulation and enforcement*” under a comparative perspective between American and German law.

Finally, the second presentation block in which the fourth (and last) presentation of the day was included, was made by Benedict Heil & Benjamin Lee focusing on “*The role of Private Litigation*”.

At the end of each presentation, the students along with the professors had the opportunity to engage more deeply with the topics and ask questions to the students presenting each time. During this dialogue, the students were able to openly explain





their ideas using convincing arguments for the positions they adopted during their presentations. Their arguments though were challenged and needed to be based on a critical view examining the comparative governance issues confronted by both countries.

At the end of all the presentations, the professors gave feedback to the whole class on all students' work and gave the chance to each student to share his/her experience participating in the seminar for the last 7 months.

Later on, around 4:30pm, we walked

to Morgan Lewis' Frankfurt office. At the office Dr. Jürgen Beninca (Partner of the firm's Competition/Antitrust group and Penn Law alumnus) welcomed us and presented us various aspects of his practice (from a EU and German perspective). At the end of the presentation the firm kindly invited us to a reception, organized for both the German and the American students.

The night ended in a local German restaurant where most of the American students had their dinner.



#### **Day 4: ECB and Frankfurt tour**

*Wednesday, March 09, 2016*

By Konstantinos Georgiou

On Wednesday, our fourth day in Frankfurt, we had a quite full schedule starting from visiting the European Central Bank (hereinafter, “ECB”) to a guided tour of the city (“Frankfurt – The Euro and Banking City”).

In particular, our day started visiting the ECB. The ECB is the central bank for the euro and administers monetary policy of the Eurozone, which consists of 19 EU member states and is one of the largest currency areas in the world. Someone from an American perspective could argue that ECB could be viewed as the equivalent of the Department of the Treasury (“DoT”) in the US. However,



the ECB does not have the same decision-making powers as the DoT since the European Union does not have the same legal status as the United States. In the ECB, we met Prof. Dr. Ulrich Binseil (Director General Market Operations) who made a thorough presentation of the role of

ECB as well as the current financial strategies adopted by the Bank shaping the future of the EU.

After finishing our lunch, we visited the Römer. The Römer is a medieval building in the Altstadt of Frankfurt am Main, and one of the city’s most important landmarks. The Römer is located opposite the Old St. Nicholas church and has been the city hall (“Rathaus”) of Frankfurt for over 600 years. We had a very warm welcome in the reception hall where all the Kings of Germany were depicted on the walls around us. The host gave us a speech explaining to us the history of the building and at the end we were invited to a small reception where we were offered local German beverages.



Later on, we had the chance to visit some of the sightseeings of the city. We started our tour from the city hall from where we walked towards the city’s financial center. After couple of hours visiting some of the most important Frankfurt’s sightseeings, we stopped our tour in front of Frankfurt’s Stock Exchange. During our tour, we discussed about

Germany's banks that either started their expansion from Frankfurt (e.g. Rothschild) or have their headquarters in the city (e.g. Commerzbank, Deutsche Bank). Finally, for our dinner, most of the American students along with our

German partners went to a Thai restaurant not really far from our hotel. The night though ended after a couple of drinks in a local bar. Overall, it was a really full and entertaining day!!





## Day 5: 1<sup>st</sup> day in Brussels

Thursday, March 10, 2016

By Supawich Sirikanchana

Today weather was pleasant so it was a wonderful day to continue our journey to the European Union's capital- Brussel. We teamed up with German students at the Frankfurt (Main) Hauptbahnhof (Frankfurt



(Main) central station) which is the busiest railway station in Germany. Our train left from Frankfurt at 10:26 AM sharp as the public transport here is very punctual. It took us approximate three hours on the train. Everyone was enjoying the trip since we shared our time together by talking, eating and sight-seeing. Then some of us also went to the restaurant bogey to enjoy some curry wurst as well. Overall the train was nice, clean and unforgettable.

We arrived at Brussels at 1:31 PM and in a bit hurry to catch a metro to our

hotel. After kept our luggage at the Renaissance Brussels Hotel front, we then hastily walked along the street to the European Union Liaison Office of the state Hesse. This modern and beautiful place was the venue for our seminar in Brussels for two days. We were welcomed by delicious sandwich and tea that really made our day since most of us were still hungry from the morning journey. At this superb place we had a rare chance to listen to many resourceful guest speakers and also interacted with thoughtful questions to eliminate our curiosity on European Union legal system and European's perspective of corporate governance related issues. We were really lucky to have this valued opportunity. The first speaker of the day was the representative from Hesse named Jochen Marsch who explained us about the European Union Legal system. After that we also listened to the representative from the Federal Government as well, this provided us more concerns and the big picture of the fundamental structure of the European Union. After the seminar session, we had a chance to walk around the area to the European Parliament and the Parc du



Cinquantenaire (Park of the Fiftieth Anniversary) which are the famous tourist attraction of Brussels.



That night, we had dinner at a local Belgian restaurant nearby. Though we needed to wait for more than an hour for the food, but the taste offset that bad feeling because the taste of every dishes were worth waiting for. After that we walked back to the hotel and on the way, we didn't hesitate to stop by a local ice cream shop to enjoy the real taste of Brussels. In sum, we had a marvelous memory for our first day in the European Union's capital.

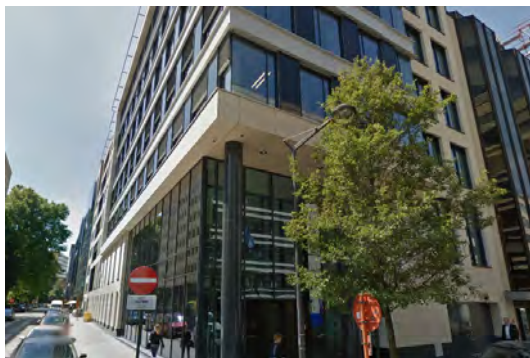
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### **Day 6: 2<sup>nd</sup> day in Brussels**

*Friday, March 11, 2016*

By Benjamin Lee

What a day! We had fantastic lectures from 6 speakers from morning to the late afternoon. (Actually there were seven speakers, since there were two joint speakers from European Issuers).



The first speaker was Zsofia Kerecsen, who was a policy officer of Directorate General Justice. She gave us an

overview of the EU company law directives and an introduction to the process of enactment of such directives. The mechanics were quite interesting, even more since we were learning from a person who is actually a person working on the process. Many question centered on the relationship with interested parties and the nuts and bolts of the rule making, which she answered quite frankly.

The next speaker was Aline Hoffmann from European Trade Union Institute. She gave us an overview of the rights of the workers in the European Union on information and participation in the corporation. It was interesting to learn that different countries are taking different approach to the information and participation rights of workers. Because we had multiple



seminars about German law, I was very curious about her position about the German codetermination system in the boardroom. And her perspective that the presence of the labor directors may affect the dynamics leading to the boardroom was very enlightening.

After a brief lunch time, Karel Lannoo, who is the CEO of Centre of European Policy Studies, gave us his knowledge and insight about the capital market of the European Union. It was easy to see that he had a deep knowledge on the subject, which he gladly shared with us. His view on the role of enforcement on the development of capital market was quite frank and straight forward, which was quite surprising for me.

Almost right after Karel's enlightening lecture, Julia Lindemann, who is the chief of staff for MEP David McAllister, gave us an overview on the role of the MEP. She generously shared us her experience working with the MEP. German students might have enjoyed less on her talk since they have more knowledge about EU. But for me, everything she said was quite fascinating.



Then came in Florence Bindelle and Aleksandra Palinska from the European Issuers. It was the first time for me to actually meet a lobbyist (at least professional lobbyist who disclosed to me that she is such) and learn their role in the dynamics of rule making, which was not what I had imagined actually.

The last lecture, from Marco Becht who is a professor at Université libre de Bruxelles, was very interesting too. Of the six lectures today, we were given a reading to read prior to this lecture. The lecture about corporate governance problem of bank was something I did not have a chance to think about thoughtfully with policy question in mind. And he had a master like skill in delivering his insight to us. Today was his birthday, too, which we celebrated after the lecture.

Exhausted but undefeated, and full of new knowledge, the rest of the day were spent walking through the city finding place to eat and drink. And some of us managed to get more waffles and chocolates which were a delight, before we finally went to sleep (at different times).