

Insights in to Corporate Governance Principles in Italy and Related Practices as Per CONSOB Report 2013

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Abstract

This paper seeks to investigate the regulatory framework of corporate governance in Italy, and gather insights in to the related corporate practices in vogue among the listed Italian companies. The paper draws from the Corporate Governance Code published by Comitato per la Corporate Governance (Corporate Governance Committee), Regulations for “Public Offerings for Subscription and Sales of Financial Products” framed by Commissione Nazionale per le Società e la Borsa (CONSOB), the capital market regulator of Italy and 2013 Report on Corporate Governance of Italian Listed Companies published by CONSOB. It is found that the corporate governance code in Italy is based on the principle of “comply or explain” rather than “have to comply with” norms. The code is thus principle based and not prescription based. If a company does not comply with any provision of the code, it has to report the reasons for non-compliance. It is also found that though the Italian companies have high ownership concentration and family controlled management structures, their response to openness and transparency through modern corporate governance mechanisms is improving gradually though a lot more is required.

Key Words : Borsa Italiana, Comitato per la Corporate Governance, CONSOB, Corporate Governance.

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