

2010 ECGI WORKING PAPER PRIZES AWARDED

Luxembourg, 7 May 2010 – The winners of the **2010 Allen & Overy Law Working Paper prize** and the **2010 Standard Life Investments Finance Working Paper prize** were announced at a dinner held last night in Luxembourg to mark the 8th General Assembly of the European Corporate Governance Institute (ECGI). These annual prizes were established by the ECGI in 2005. To be eligible for a prize, a paper must have appeared in either of ECGI's Finance or Law Working Paper series and be deemed to have made a substantial contribution to the knowledge of corporate governance in Europe.

The 2010 Allen & Overy Law Prize

The €5,000 prize for the best paper in the Law series sponsored by the international legal practice, **Allen & Overy**, was awarded to *'How Do Legal Rules Evolve? Evidence from a Cross-Country Comparison of Shareholder, Creditor and Worker Protection'* by John Armour from the University of Oxford, Simon Deakin and Priya Lele from the University of Cambridge, and Mathias Siems from the University of East Anglia (UEA) and University of Cambridge. The winning paper can be downloaded from the SSRN website:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1580120

Eilis Ferran, Professor of Company and Securities Law, University of Cambridge Law Faculty and Centre for Corporate and Commercial Law (3CL) who chairs the Editorial Board that adjudicated the 2010 Law prize said *'From the strong field of excellent papers published in Law Working Papers Series, the Editorial Board selected the Armour, Deakin, Lele and Siems paper as the outstanding contribution in 2009.*

"This paper presents findings from a new index of legal change which measures shifts in shareholder, creditor and labour protection in five countries (the UK, the USA, Germany, France and India) over a 35-year period (1970-2005). The index is distinctive in its time-series approach and in the depth of its analysis. By using longitudinal datasets on shareholder, creditor and worker protection, Armour et al cast light on some of the central claims of the legal origins hypothesis. The legal origins hypothesis – that legal institutions matter to economic development – has been one of the most important ideas to have emerged in the social sciences in recent years. The hypothesis has exerted considerable influence on the regulatory reform agenda in many countries. Through the refinements they make in quantitative research design and their insightful conclusions, Armour et al advance our understanding of the interconnections between law and development."

Presenting the awards on behalf of Allen & Overy, **Marc Feider**, Senior Partner at Allen & Overy Luxembourg, said *"Congratulations to the authors for a remarkable paper. The novel approach of the authors contributes to enhancing and developing the understanding of the interrelations existing between legal origins of jurisdictions and legal systems generally on the one hand and economic development on the other hand."*

The 2010 Standard Life Investments Finance Prize

The €5,000 prize for the best paper in the Finance series sponsored by the leading investment company, **Standard Life Investments**, was awarded to *'Subprime Crisis and Board (In-)Competence: Private vs. Public Banks in Germany'* by Harald Hau from INSEAD and Marcel Thum from TU Dresden, Ifo Dresden and CESifo. The winning paper can be downloaded from the SSRN website at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1360698

Patrick Bolton, Barbara and David Zalaznick Professor of Business, Columbia Business School who chairs the Editorial Board that adjudicated the 2010 Finance prize said *"In this paper Harald Hau and Marcel Thum explore whether there is a link between governance and subprime-related losses at German*

Banks. In particular, the paper looks at whether the lack of financial expertise of supervisory board members can explain bank losses during the crisis. Based on a detailed examination of the biographies of supervisory board members, one of the most striking findings of the paper is that bank losses do indeed correlate with the financial illiteracy of supervisory board members. This is a highly original and important contribution to the policy debate on financial regulatory reform in the aftermath of the crisis”

Guy Jubb, Investment Director & Head of Corporate Governance at Standard Life Investments, said *“The winning paper provides some really useful insights into the competence of bank boards in Germany. The prize winners describe their policy recommendations as ‘straightforward’. Who am I to demur? But the authors’ modesty masks recommendations that go the heart of the debate about the governance of banks, especially state controlled ones. The European Commission should read the winning paper carefully as it develops measures designed to provide for future stability and improved governance in the banking sector. The insights it provides are illuminating.”*

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Notes for Editors

1. **About the ECGI:** The ECGI, which was founded in 2002, is an international scientific non-profit association. It provides a forum for debate and dialogue between academics, legislators and practitioners, focusing on major corporate governance issues and thereby promoting best practice.

2. **About Allen & Overy:** Allen & Overy is an international law firm - one of a small group of truly international and integrated law firms with approximately 5,000 staff, including over 450 partners, working in 31 major centres worldwide.

See <http://www.allenoverly.com/AOWeb/Home/AllenOveryHome.aspx>

3. **About Standard Life Investments:** With assets under management of £138.7 billion, Standard Life Investments is one of the UK’s major investment houses and controls around 2% of the UK stock market as at the year end. A wholly owned subsidiary of The Standard Life Assurance Company, Standard Life Investments operates in the UK, Canada, Hong Kong, Ireland and the USA. Standard Life Investments also operate in India through a joint venture with HDFC AMC.

See <http://www.standardlifeinvestments.com/>

4. **ECGI's Law and Finance Working Paper series:** There are currently 155 papers in the ECGI Law series and 275 in the ECGI Finance series. All ECGI Working Papers are available online free of charge from the Social Science Research Network’s Financial and Legal Research Institutes Papers Series. Further information about ECGI Working Paper series can be found on the ECGI’s website.

See <http://www.ecgi.org/wp/index.php>

5. **Choosing the prize winner:** Each year, the winner or winners of the Law and Finance prizes are chosen by the series Editorial Board according to the Terms of Reference governing the selection of prize winners which can be found on the ECGI’s website.

See http://www.ecgi.org/wp/wp_prizes_tor.php