

## CORPORATE GOVERNANCE

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### *Abstract*

*Corporate governance is the complex system of rules concerning firms, their management and control. It is the product of rules, tradition, behaviours, and uses translated into law. It is not a global framework, since it varies across countries and regions. It is composed of statutory rules, rules of law, business ethics and common principles. In Italian the term corporate governance is somehow vague, since it is the product of diverse juridical sources, both national and supranational.*

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of self-discipline written by the Committee for Corporate Governance of Listed Firms that follows EU criteria. It deals with rules on the board of directors, its chief, auditors, relationships among shareholders, especially majority and institutional. It considers also the settlement of sub-committee that should deal with the members of the board of directors, and their salary, stock options and benefits. After the 1999 edition, the code of self-discipline has been modified and updated. Its second edition is dated 2006, modified in 2010 only with respect to art.7, now numbered art.6, that deals with the issue of the salary, stock options and benefits of members of the board and high level directors. The latest updated has been presented in Milan on Dec. 5th 2011 by the Committee of Corporate Governance. The new code follows the international best practices, and introduces the "comply or explain" principle according to which firms should explain the reasons at the base at their not complying to the code rules. In particular, the modification introduced in this last edition consider: (i) the role and composition of the Board of Directors, especially with respect to independent members; (ii) duties and working rules of internal committee to the Board; (iii) system of internal control and risk management; (iv) auditors and its vigilance, also pre-emptive; (v) relationship between shareholders and managers, and initiatives that promote the exercise of right of the least.