

**Internet Appendix for**

**“Board Governance and Investment Sensitivity to Stock Price:  
International Evidence”**

**Table IA1**

## Characteristics of Board Reforms

This table reports the characteristics of board reforms in 41 countries. Data in this table are primarily from Tables 1 and A1 in Fauver, Hung, Li, and Taboada (2017). Complementary data are from the World Bank Group Reports on the Observance of Standards and Codes (ROSC) Corporate Governance Assessment, European Corporate Governance Institute (ECGI), and Kim and Lu (2013). Column 1 indicates whether the reform is a major reform, first reform, or major & first reform. Column 2 reports the year in which the reform becomes effective. The year in parentheses is the first year of the grace period for a major reform. Columns 3-5 indicate whether the reform involves board independence, audit committee and auditor independence, and chairman and CEO separation, respectively. Column 6 indicates whether the reform involves a non-board component. Column 7 indicates whether the reform is enforced using a rules-based or comply-or-explain approach. Column 8 provides a brief description of each reform.

Country	Reform	Year	Board independence	Audit committee and auditor independence	Chairman and CEO role	Non-board reform	Type	Description
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Argentina	Major & first	2001	0	1	0	1	Rules-based	Capital Markets Law, which incorporates corporate governance principles from the Organization for Economic Co-operation and Development (OECD), became effective.
Australia	Major	2004 (2003)	1	1	1	1	Comply-or-explain	Audit Reform and Corporate Disclosure Act of 2004 (also known as CLERP 9) and the Australian Stock Exchange's Principles of Good Corporate Governance for Listed Companies became effective.
	First	2003	1	1	0	1	Comply-or-explain	Corporate Governance Principles and Recommendations became effective.
Austria	Major	2004 (2002)	1	1	0	1	Comply-or-explain	Vienna Stock Exchange began enforcing the Austrian Code of Corporate Governance.
	First	2002	1	1	0	1	Comply-or-explain	The code became effective.
Belgium	Major	2005 (2004)	1	1	1	1	Comply-or-explain	The new Belgian Code of Corporate Governance became effective.

	First	1998	1	0	0	1	Comply-or-explain	Brussels Stock Exchange published Code of Corporate Governance.
Brazil	Major & first	2002 (2001)	0	0	0	1	Rules-based	The New Corporation Law became effective.
Canada	Major & first	2004 (2002)	1	1	1	0	Rules-based	Various reforms on disclosure standards, accountability, and audit committee independence became effective.
Chile	Major & first	2001 (2000)	0	1	0	1	Rules-based	Corporate Governance Law (Ley de OPAS) became effective.
China	Major & first	2001	1	1	0	1	Rules-based	Chinese Securities Regulatory Commission and State Economic and Trade Commission imposed a new Code of Corporate Governance for listed companies.
Colombia	Major & first	2001	0	0	0	1	Rules-based	Resolution 275 of Supervalores became effective. Confecamaras code was issued in response to Resolution 275.
Czech Republic	Major & first	2001	0	0	0	1	Rules-based	Amendments to the Commercial Code became effective.
Denmark	Major & first	2001	1	0	0	1	Comply-or-explain	Recommendations for Good Corporate Governance in Denmark by the Norby Committee became effective.
Egypt	Major & first	2002	1	1	0	1	Rules-based	New listing rules by the Cairo & Alexandria Stock Exchange (CASE) went into effect. The rules aim to increase disclosure and corporate governance requirements for listed firms.
Finland	Major	2004 (2003)	1	1	1	1	Comply-or-explain	Corporate Governance Recommendations for Listed Companies entered into force.
	First	2003	1	1	0	1	Comply-or-explain	Corporate Governance Recommendations for Listed Companies became effective.

France	Major	2003	0	1	0	1	Rules-based	Financial Security Law became effective.
	First	2001	0	0	1	1	Rules-based	Law on New Economic Regulations became effective.
Germany	Major & first	2002	1	1	0	1	Comply-or-explain	Initial version of the German Code of Corporate Governance became effective. The Transparency and Disclosure Law requires compliance with the code.
Greece	Major	2002	1	1	0	0	Rules-based	Law 3016/2002 became effective.
	First	1999	0	0	0	1	Comply-or-explain	Mertzanis Report became effective.
Hong Kong	Major & first	2005 (2004)	1	1	1	0	Comply-or-explain	Exposure Draft Code on Corporate Governance Practices became effective.
Hungary	Major & first	2003	0	0	0	0	Comply-or-explain	Budapest Stock Exchange instituted the Corporate Governance Guidelines Code for listed companies.
India	Major	2002 (2000)	1	1	0	1	Rules-based	Clause 49 became effective.
	First	1998	0	0	0	1	Comply-or-explain	The Report on Desirable Corporate Governance in India became effective.
Indonesia	Major	2007	1	1	0	0	Rules-based	A new Company Law that introduced explicit duties for board members became effective.
	First	2000	1	0	0	1	Comply-or-explain	Code for Good Corporate Governance became effective.
Israel	Major & first	2000 (1999)	1	1	1	1	Rules-based	Companies Law became effective.
Italy	Major & first	2006 (2005)	1	1	0	1	Rules-based	Law 262 (Savings Law) became effective. The Borsa Italiana instituted the Corporate Governance Code.
Japan	Major & first	2002 (2001)	0	1	0	0	Rules-based	A major reform of the Commercial Code became effective.

Malaysia	Major & first	2001 (2000)	1	1	0	0	Comply-or-explain	The Malaysian Code on Corporate Governance became effective.
Mexico	Major	2001	1	1	0	1	Rules-based	Major amendments to the Securities Market Law became effective.
	First	1999	1	1	0	1	Comply-or-explain	The Corporate Governance Code became effective, and CNBV (National Banking and Securities Commission) issued a circular requiring compliance with the Código de Mejores Prácticas Corporativas (CMP).
Netherlands	Major	2004 (2003)	1	1	1	0	Comply-or-explain	The Dutch Corporate Governance Code became effective.
	First	1997	0	0	0	1	Comply-or-explain	The Corporate Governance in the Netherlands Report: The Forty Recommendations (Peters Report) became effective.
Norway	Major & first	2005 (2004)	1	1	1	1	Comply-or-explain	Code of Practice for Corporate Governance became effective.
Pakistan	Major & first	2002	0	1	0	0	Comply-or-explain	Code of Corporate Governance, published by the Securities and Exchange Commission of Pakistan (SECP), became effective.
Peru	Major	2005 (2002)	1	1	0	0	Comply-or-explain	Code of Good Corporate Governance became effective for listed companies.
	First	2002	1	1	1	0	Comply-or-explain	The code established by a committee set up by CONASEV (National Supervisory Commission for Companies and Securities) became effective.
Philippines	Major & first	2002	1	1	0	1	Comply-or-explain	The Securities and Exchange Commission made effective Circular #2.
Poland	Major & first	2002	1	0	0	1	Comply-or-explain	Warsaw Stock Exchange made effective The Best Practices in Public Companies Code for listed companies.

Portugal	Major	2001 (1999)	1	1	0	0	Rules-based	The Securities and Exchange Commission's Recommendations on the Governance of Listed Companies became effective.
	First	1999	0	0	0	1	Comply-or-explain	The Securities Market Commission Recommendations became effective.
Singapore	Major & first	2003 (2001)	1	1	0	1	Comply-or-explain	Code of Corporate Governance became effective.
South Korea	Major & first	1999 (1998)	1	1	0	1	Rules-based	A number of laws and regulations dealing with corporate governance became effective.
Spain	Major	2006	1	1	0	1	Comply-or-explain	Corporate Governance Unified Code became effective.
	First	1998	0	1	0	1	Comply-or-explain	The governance code The Olivencia Report became effective.
Sweden	Major	2006 (2005)	1	1	1	1	Comply-or-explain	Code on Corporate Governance for listed companies became effective.
	First	2005	1	1	1	0	Rules-based	A revision of the Companies Act of 1975 became effective.
Switzerland	Major & first	2002	0	0	0	1	Comply-or-explain	The Directive on Information Relating to Corporate Governance issued by the Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance became effective.
Thailand	Major & first	2002	1	1	0	1	Comply-or-explain	Stock Exchange of Thailand (SET) made effective the Principles of Good Corporate Governance.
Turkey	Major	2002	1	0	1	1	Comply-or-explain	The Code of Best Practice was made effective by TÜSİAD (Turkish Industrialists' and Businessmen's Association).
	First	1999	0	0	0	1	Rules-based	Amendments to the Capital Markets Law became effective.

U.K.	Major	1998	1	1	1	1	Comply-or-explain	The Combined Code, which merged the Cadbury Report and the Greenbury Report recommendations, became effective.
	First	1992	1	1	1	1	Comply-or-explain	The Cadbury Report became effective.
U.S.	Major & first	2003 (2002)	1	1	0	1	Rules-based	The major provisions of the 2002 Sarbanes–Oxley Act (SOX) and updated listing rules became effective.

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## References

Fauver, L.; M. Hung; X. Li; and A. G. Taboada. “Board Reforms and Firm Value: Worldwide Evidence.” *Journal of Financial Economics*, 125 (2017), 120–142.

Kim, E. H., and Y. Lu. “Corporate Governance Reforms Around the World and Cross-Border Acquisitions.” *Journal of Corporate Finance*, 22 (2013), 236–253.