respond to their varied expectations, while recognizing that SHH can occasionally act together.
    - **Germany, Japan, Netherlands** → listed companies are held within corporate groups and their boards find themselves responsible to a holding company. Dominant owner => the other SHH need to respond to its expectations, while protecting the rights of the minority.
- In the long-term the pattern of ownership fundamentally affects the ability of the board to exercise power over a company.
    - Widespread shareholding → board will have more freedom to act in its own initiative.
    - Domination of a majority share → less freedom, influence of decisions.

Pattern of ownership	
US & UK	**Germany, Japan, Netherlands**
Dispersed ownership in the **US and UK** → Voting shareholders highly differentiated = the shares are hold within many dispersed external SHH → the directors need to respond to their varied expectations, while recognizing that SHH can occasionally act together. Widespread shareholding → board will have more freedom to act in its own initiative.	**Germany, Japan, Netherlands** → listed companies are held within corporate groups and their boards find themselves responsible to a holding company. Dominant owner => the other SHH need to respond to its expectations, while protecting the rights of the minority. Domination of a majority share → less freedom, influence of decisions.
Markets for Corporate Control	
High proportion of external investors (US & UK) → board can be faced with a hostile takeover bid and consequential loss of control. => the market for corporate control is strong. M&A activity is likely to be widespread.	Low proportion of external investors → market for corporate control will be weaker, M&A activity is less engaged.
Financing corporate entities	
Countries with **Equity markets dominance**, high liquidity, significant turnovers: SHH are often widespread. → board have significant power over companies.	**Stock market are smaller** → listed companies may rely on no-equity loan capital => companies leveraging on their equity capital have a significant board power.

2. The US rules-based model

- The american model reflect the CG practices in the US and other countries under its influence.
- Companies in the US are incorporated under states and are subject to those states company law and corporate regulations.
- Investor protection, auditing requirements and financial disclosure or public companies → federal responsibilities regulated by the SEC.