

# Contents

<i>List of Figures</i>	xi
<i>List of Tables</i>	xiv
<i>Notes on Contributors</i>	xvii
1. Introduction	1
<i>M. Becht and C. Mayer</i>	
2. The Separation of Ownership and Control in Austria	46
<i>K. Gugler, S. Kalss, A. Stomper, and J. Zechner</i>	
3. Shareholding Cascades: The Separation of Ownership and Control in Belgium	71
<i>M. Becht, A. Chapelle, and L. Renneboog</i>	
4. Ownership and Voting Power in France	106
<i>L. Bloch and E. Kremp</i>	
5. Ownership and Voting Power in Germany	128
<i>M. Becht and E. Böhmer</i>	
6. Pyramidal Groups and the Separation Between Ownership and Control in Italy	154
<i>M. Bianchi, M. Bianco, and L. Enriques</i>	
7. Ownership and Control in the Netherlands	188
<i>A. de Jong, R. Kabir, T. Marra, and A. Röell</i>	
8. Ownership and Control of Spanish Listed Firms	207
<i>R. Crespi-Cladera and M. A. García-Cestona</i>	
9. Ownership and Control in Sweden: Strong Owners, Weak Minorities, and Social Control	228
<i>J. Agnblad, E. Berglöf, P. Högfeldt, and H. Svancar</i>	

10. Strong Managers and Passive Institutional Investors in the United Kingdom	259
<i>M. Goergen and L. Renneboog</i>	
11. Beneficial Ownership in the United States	285
<i>M. Becht</i>	
Appendix I: The Large Holdings Directive	300
Appendix II: Proposal for a Council Directive	307
Appendix III: Comparative tables	317
<i>Index</i>	321

## *List of Figures*

1.1. Private control bias and management or market-control bias	6
1.2. Evolution of ownership and control	9
1.3. 'One-member-one-vote': Virginia voting scale of 1836	10
1.4. Management control through staggered board and super-majority amendment: Eastman Kodak Inc.	14
1.5. Definition of voting block	17
1.6. Potential coalition control: Vodafone Airtouch Plc.	20
1.7. Percentile plot of largest voting blocks in Austrian listed firms	21
1.8. Percentile plot of largest voting blocks in Belgian listed firms	21
1.9. Percentile plot of largest voting blocks in German listed firms	22
1.10. Percentile plot of largest voting blocks in Italian listed firms	22
1.11. Percentile plot of largest voting blocks in Netherlands listed firms	23
1.12. Percentile plot of largest voting blocks in Spanish listed firms	23
1.13. Percentile plot of largest voting blocks in Swedish listed firms	24
1.14. Percentile plot of largest voting blocks in UK listed firms	24
1.15. Percentile plot of largest voting blocks for US companies listed on the NYSE	25
1.16. Percentile plot of largest voting blocks for US companies listed on NASDAQ	25
1.17. Percentage of voting blocks associated with different types of investors in the UK	29
1.18. Percentage of voting blocks associated with different types of investors in Germany and Austria	29
1.19. Private control bias through non-voting stock: Porsche AG	30
1.20. Majority control and concentrated ownership: Solvay S.A.	31
1.21. Private control bias through dual-class stock: Investor AB	32
1.22. Private control bias through a trust office: ING Groep NV	33
1.23. Management control bias through voting-rights restriction and staggered board: BBVA	34
1.24. Management control bias through legal devices: Unilever Plc./NV	35
2.1. Ultimate voting blocks by rank of blocks in 50 listed firms	51
2.2. Histogram of largest ultimate voting block	52
2.3. Percentile plot of largest ultimate voting block	53
2.4. The separation of ownership and control: Ratio of voting rights to cash-flow rights of largest blockholder (VRCFR) by size class	55
2.5. The separation of ownership and control: Ratio of voting rights to cash-flow rights of largest blockholder (VRCFR) by type of owners	56
2.6. The separation of ownership and control: Ratio of voting rights to cash-flow rights of largest blockholder (VRCFR) by separation device	57
A2.1. The credit sector in Austria (shares of sector's total assets, 1995)	68
3.1. Direct stakes by rank of stake for all listed companies in 1995	84
3.2. Histogram of the largest direct stakes in 1995	85

3.3. Voting blocks by rank of block for all listed companies in 1995	86
3.4. Histogram of the largest voting block in 1995	87
3.5. Percentile plot of largest voting blocks	87
A3.1. Overall structure of the pyramid	95
A3.2. The Canadian control chain	97
A3.3. The Belgian control chain	98
A3.4. The NPM/CNP portfolio	99
A3.5. The Parjointco portfolio	100
4.1. Voting blocks by rank for CAC 40 companies	113
4.2. Histogram of largest voting block in the CAC 40 companies	113
4.3. Average ownership by ownership stake in percentages	116
4.4. Average ownership of non-listed firms by category of investors in percentages	118
4.5. Average ownership of listed firms by category of investors in percentages	119
4.6. Distribution of 282,322 firms using the type and the size of the first owner in percentages	122
4.7. Distribution of 680 listed firms using the type and the size of the first owner in percentages	122
5.1. Announcement of Allianz AG blockholding in RWE AG	138
5.2. Ultimate voting blocks by rank	139
5.3. Percentile plot of largest ultimate voting blocks	139
5.4. Histogram of largest ultimate voting blocks	140
6.1. Structure of Agnelli group, 1996	155
6.2. Percentile plot of largest direct stake	170
6.3. Percentile plot of largest voting block	173
6.4. Models of corporate control in Italian industry (percentages)	179
7.1. Cumulative distribution of the largest ownership block	197
7.2. Histogram of the largest ownership block	197
7.3. Cumulative distribution of the largest voting block	201
7.4. Histogram of the largest voting block	201
8.1. Direct ownership stakes: mean and median of shareholdings. Sample of 193 non-financial companies, December 1995	219
8.2. Direct ownership and voting blocks for 193 non-financial companies, December 1995	222
8.3. Histogram of the largest direct stake and the largest voting block. Sample of 193 non-financial companies, December 1995	223
8.4. Percentile plot of the largest direct stake and the largest voting block	224
9.1. Distribution of ownership types for all listed firms	233
9.2. Cumulative (average) ownership concentration of the ten largest owners (votes)	235
9.3. Average and cumulative voting fractions held by the ten largest owners in the 33 most frequently traded firms	236
9.4. Average and cumulative fraction of votes for the ten largest owners	237
9.5. Cross-holdings between firms on the Stockholm Stock Exchange	241
10.1. Disclosure of an ultimate voting block	264
10.2. Percentile plot of largest voting blocks in UK listed firms	269
10.3. Histogram of largest voting block in UK listed companies	269

10.4. Ultimate voting blocks by rank for 1992	270
10.5. Histogram of largest ultimate voting blocks in unlisted companies in 1996	276
11.1. Largest voting block for NYSE companies	292
11.2. Largest non-board member voting block for NYSE companies	292
11.3. Board-member voting blocks by rank for NYSE companies	293
11.4. Largest voting block for NASDAQ companies	293
11.5. Largest non-board member voting block for NASDAQ companies	294
11.6. Board-member voting blocks by rank for NASDAQ companies	294

# *List of Tables*

1.1. Size of ultimate voting blocks by rank	19
1.2. Voting blocks by blockholder type	27
2.1. 62 listed firms: Average direct ownership by firm size class and ownership stakes	49
2.2. 62 listed firms: Average direct ownership by firm size and owner category	50
2.3. 62 listed firms: Average ultimate ownership by firm size and owner category	51
2.4. 50 listed firms: Frequencies of concentration ratios for ultimate voting blocks	52
2.5. 50 listed firms: Concentration measures for ultimate voting blocks by firm size	53
2.6. 50 listed firms: Ultimate voting blocks by majority and minority control	54
2.7. 50 listed firms: Ultimate voting blocks by firm size and blockholder category	54
2.8. 50 listed firms: Ultimate voting blocks by blockholder category	56
2.9. 41 listed firms: Determinants of the logarithm of the ratio of ultimate voting rights to ultimate cash-flow rights (LVR/CFR)	58
2.10. 41 listed firms: The effect of separation devices on the logarithm of the ratio of ultimate voting rights to ultimate cash-flow rights (LVR/CFR)	58
A2.1. Total number of active companies by legal form in 1991	60
A2.2. Number of companies by sector and legal form (1991)	61
A2.3. Percentages of companies by sector and legal form (1991)	62
A2.4. Number of companies by employee size class and legal form (1991)	63
A2.5. Percentages of companies by employee size classes and legal form (1991)	64
A2.6. Company with limited liability vs. stock corporation	66
A2.7. Commercial cooperative vs. stock corporation	67
3.1. Company types: Liability, partners, and managers	73
3.2. Company law: Foundation, transfers, transparency	74
3.3. Accounting rules: Form, contents, and control of annual accounts	76
3.4. Frequency distribution of direct shareholdings, group blocks, and voting blocks, 1995	83
3.5. Size concentration of large direct shareholdings and of voting blocks (percentages)	84
3.6. Ownership concentration in all Belgian companies listed on the Brussels Stock Exchange (percentages)	85
3.7. Number and size of voting blocks per blockholder (percentages)	88
3.8. Ownership concentration by type of ultimate blockholder (percentages)	89
3.9. Largest direct and ultimate levered shareholdings, and the control leverage factor	90
4.1. Classification of the shareholders in the Bank of France dataset	111

4.2. Frequency distribution of the largest voting block ( $C_1$ ), the 3 voting blocks ( $C_3$ ), the 5 first voting blocks ( $C_5$ ), and all the known voting blocks ( $C_{all}$ )	114
4.3. Voting blocks by blockholder type (percentage of capital held by a category of investors)	115
4.4. Voting blocks by blockholder type (percentage of capital held by an investor of a category when he is present as blockholder)	115
4.5. Summary statistics by blockholder type (all firms and listed firms)	121
5.1. Separation instruments for DAX companies with bearer voting shares only	130
5.2. Separation instruments for DAX companies with bearer voting shares and/or other shares	132
5.3. Concentration ratios for ultimate voting blocks	141
5.4. Voting power concentration for index and non-index companies	142
5.5. Size of ultimate voting blocks by blockholder type	143
A5.1. Important legal forms of private companies	145
A5.2. Legal devices to leverage control in listed AGs	146
6.1. Total number of active companies and their employees, 1991	158
6.2. Company types	159
6.3. Accessibility and availability of data	162
6.4. Datasets used	165
6.5. Voting rights concentration of manufacturing companies (1992)	167
6.6. Voting rights concentration of manufacturing companies (1996)	168
6.7. Voting rights concentration of listed companies (1996)	169
6.8. Voting rights of manufacturing companies by type of investor (1992)	171
6.9. Voting rights of listed companies by type of investor (1996)	172
6.10. Voting blocks concentration in listed companies (1996)	174
6.11. Disaggregation of voting rights according to the Large Holdings Directive	175
6.12. Voting blocks in listed companies by type of investor (1996)	178
6.13. Separation between ownership and control (1996)	181
6.14. Separation between ownership and control in the largest Italian groups (1996)	182
7.1. Disclosed shareholder stakes of Wegener (percentages)	194
7.2. Ownership structure of Dutch companies	195
7.3. Frequency distribution of ownership concentration	196
7.4. Ownership structure by category of blockholder	198
7.5. Concentration of voting rights in Dutch companies	198
7.6. Frequency distribution of voting rights concentration	199
7.7. Voting rights by category of blockholder	200
7.8. Certification of common shares used by Dutch companies	202
7.9. Companies with potential voting stakes over 25%	202
7.10. The size of management boards and supervisory boards	203
7.11. Ownership by inside blockholders in Dutch companies (percentages)	204
8.1. Number of companies by legal form, December 1995	209
8.2. Companies listed on the Spanish stock exchange, equity segment	210
8.3. Number of companies by sector: Initial data set and sample	216
8.4. Direct stakes: Average percentage of direct shareholdings of the largest investor by type of investor, December 1995	218
8.5. Direct ownership by size class: Distribution of the sample of 193 non-financial companies, December 1995	220

8.6. Voting blocks: Percentage of the largest voting block by type of investors, average	221
8.7. Sample of non-financial companies: Voting blocks and size distribution	222
8.8. Separation measures from direct stakes to voting blocks	225
9.1. Ownership categories	232
9.2. Ownership types for different samples of firms	233
9.3A. All companies in sample (%)	235
9.3B. 33 most-traded companies (A-list) (%)	235
9.4. Family/private controlled companies	237
9.5. Control mechanisms	239
9.6. Use of control mechanisms by controlling owner (%)	240
9.7. Comparison of ownership structures and control mechanisms	243
10.1. Types of company	262
10.2. Concentration ratios for ultimate voting blocks	267
10.3. Concentration ratios for ultimate voting blocks for 1992 (excluding stakes below 3%)	268
10.4. Ultimate voting blocks by blockholder type	271
10.5. Size distribution of the aggregate and largest ultimate voting block by type of blockholder (%)	273
10.6. Main institutional investors in a random sample of 250 listed companies in 1992	274
10.7. Number of new large ultimate voting blocks and number of changes in existing ultimate voting blocks by ownership concentration in 1990–1992	275
10.8. Number of changes of ownership by blockholder type	276
10.9. Average proportion of voting rights held by the old and new shareholders in 55 German and British IPOs matched by market capitalization	277
11.1. Sources of voting block information	288
11.2. Voting blocks by rank	289
11.3. Board and non-board member blocks for NYSE companies	290
11.4. Board and non-board member blocks for NASDAQ companies	290
11.5. Distribution of 5%+ voting blocks for NYSE companies	291
11.6. Distribution of 5%+ voting blocks for NASDAQ companies	291
Appendix III: Comparative tables	317
AIII.1. Voting blocks by rank	318
AIII.2. Percentiles for voting power concentrations	319
AIII.3. Voting blocks by blockholder type	320