On 24 March 2014, Dr. Eva Micheler organised a conference entitled 'Intermediated Securities and Investor Rights'. The event was funded by the Law and Financial Markets Project and the Systemic Risk Centre. The aim of the conference was to determine whether the law is able to ensure that securities continue to be negotiable. The main question was whether it is possible to conclude that holding and lending chains have become too complex and inter-connected that investors are systemically compromised in their ability to exercise rights against the issuers.

The event was oversubscribed and attended by regulators, practitioners as well as academics. The contributions made by participants showed that the event raised questions of fundamental importance to the current debate on stewardship, investor rights, corporate governance and also on systemic risk in financial markets. It added a new perspective on both the discussion on intermediated securities and the discussion on stewardship and corporate governance.

The conference consisted of three sessions.

1. Setting the Scene
2. The Ability of Private Law to Facilitate the Enforcement of Investor Rights
3. The Ability of Regulation to Facilitate the Enforcement of Investor Rights.

Session one was chaired by and began with a presentation by (LSE, Oxford) who referred to Ronald Coase and Edith Penrose and posed the question whether a corporation is a true substantive reality, or a mere legal fiction, created by the law.

He illustrated the different perspectives on the company by referring to the situation of Imperial Chemical Industries (ICI) that moved from a Penrosian type of business to a Coasian business. In other words, ICI moved from having a conception of the company as a social institution to a commercial organization prioritizing shareholders returns.

He also questioned what is meant by being an owner of shares in a company. Is it possible to concluded that, in fact, the directors of the company own the company more than the shareholders do? He also raised the question whether it can be said that shareholders are the owners of their shares because the different aspects of share ownership of one particular share are increasingly exercised by different persons or entities.

(Law Commissioner for England and Wales) continued proceedings by discussing the [illegible], which arose out of the Kay review into short termism into UK equity markets. Approaching the question whether short termism was driving bad management decisions from a pension and pension perspective, David Hertzell pointed to the role of fiduciary duties. Traditional trusts are based on individuals providing for their relations. In the context of

David Hertzell stressed that the trustee must put the financial interest of the beneficiaries first. But the law does not prevent a trustee from taking into account environmental, social, and governance (ESG) factors. [illegible] not the law, but rather the market was the main cause of short termism. Herding practices and the fact that most pension funds are small and the trustees have limited time resources and expertise clearly indicate the limits of what the law can achieve. Moreover, a change in the law could have unintended effects.

Nevertheless, there remains a high degree of uncertainty which led to an overly narrow interpretation of fiduciary duties and in this respect better guidance is required. In this respect, the consultees agreed that trustees could, and should, take ESG consideration into account, next to short term financial returns.

Regarding fiduciary duties and their role in investment chains, David Hertzell pointed out that courts are reluctant to extend duties of care and go behind regulation or contracts. In addition, he pointed out that they are an uncertain tool to change behavior but revision of certain FCA rules could be considered as to target specific concerns. The more appropriate view might be to review the regulation of investment consultants.

(LSE) followed with a talk on netting and the enforcement of investor rights. Having introduced the concept and explaining the different types of netting, Dr. Paech discussed the practical Ŝ₸ŜŎú 2₸ ŎfŜI·ℕλyΞ yl·Y·Ŝfè ΨŎ2ffI·LJăλyΞΩ Y·dzfűλ-party obligations. He distinguished three different legal typologies of clearing. The first case can be referred to as ΨY·dzfűλ-LJI·ℕúè ŎfŜI·ℕλyΞΩ. The clearing house does not assume any rights or obligations. There is a mere cross-assignment of rights

differences between the approach adopted in the UK, where trustees act on behalf of bondholders, and the approach adopted in the US, where negotiations involve ultimate investors. To facilitate involvement of ultimate investors in the UK issuers have in the past exchanged global notes for definitive bonds. It is also possible to use what has been referred to as a 'contingent creditor l·yl·fëäìäû

(University of Glasgow) spoke about the regulation of Central Securities Depositories and the enforcement of investor rights. The European legislative process on this topic is soon to become final. The