PRINCIPLES OF CORPORATE LAW: CORPORATE COMPLIANCE

HOLLY J. HOCH

J.D., LL.M., ESQ.

11.24.25

AGENDA

INTRODUCTION

LEGAL THINKING > MEMORIZATION

GATEKEEPERS & TRANSPARENCY

TECHNOLOGY IN CORPORATE DECISION MAKING

LIABILITY // RESPONSIBILITY

EXAMPLES

Universität Zürich[UZH]

CORPORATE GOVERNANCE & COMPLIANCE

WHAT DOES CORPORATE GOVERNANCE SEEK TO ACHIEVE?

WHAT IS GOVERNANCE IN RELATION TO COMPLIANCE ?

WHO IS RESPONSIBLE?
TO WHO?

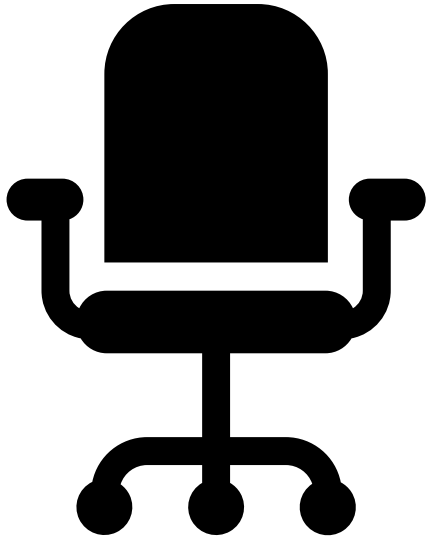
WHERE DOES LIABILITY LIE // WHO DECIDES?

WHO HAS WHAT RIGHTS?

INTERNAL VS EXTERNAL

WHAT IS A GATEKEEPER?

WHO IS A GATEKEEPER?



TRADITIONAL GATEKEEPERS AND ROLES

LAWYERS, AUDITORS, ACCOUNTANTS,
CREDIT RATING AGENCIES

FISCAL IMPROPRIETY, CORPORATE SPENDING, SALARIES

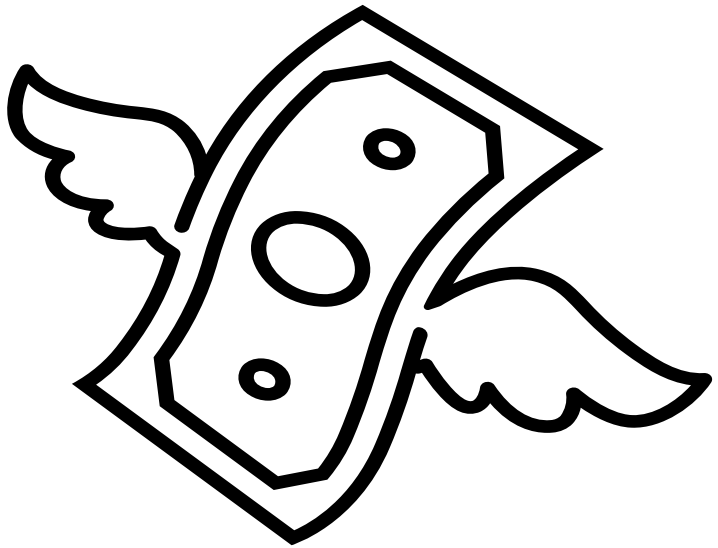
MODERN // HOT TOPIC ADVISORS

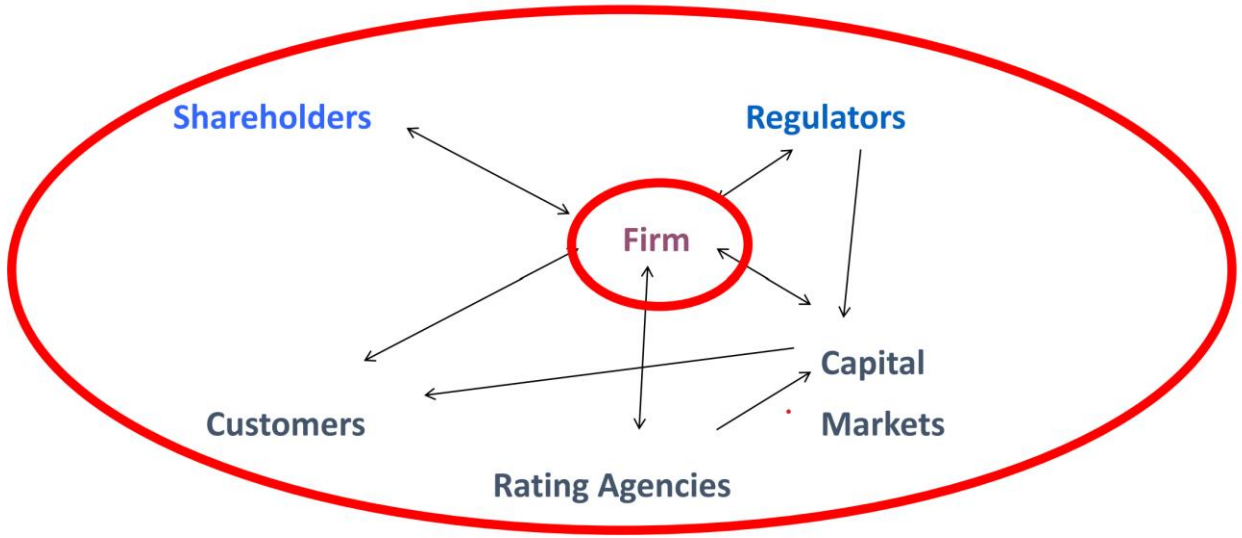
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)
ISSUES, CLIMATE, ETHICAL PRACTICES, LABOR PRACTICES, ETC.

WHY ISNT INTERNAL REVIEW "ENOUGH"?

WHO IS RESPONSIBLE

AND TO WHO?





DISCUSSION: WHAT ARE SOME POTENTIAL CONFLICTS OF INTEREST?

WHAT IS CORPORATE TRANSPARENCY?

KEY ELEMENTS:

DISCLOSURE OF FINANCIAL, OPERATIONAL, AND SUSTAINABILITY DATA.

STAKEHOLDER COMMUNICATION.

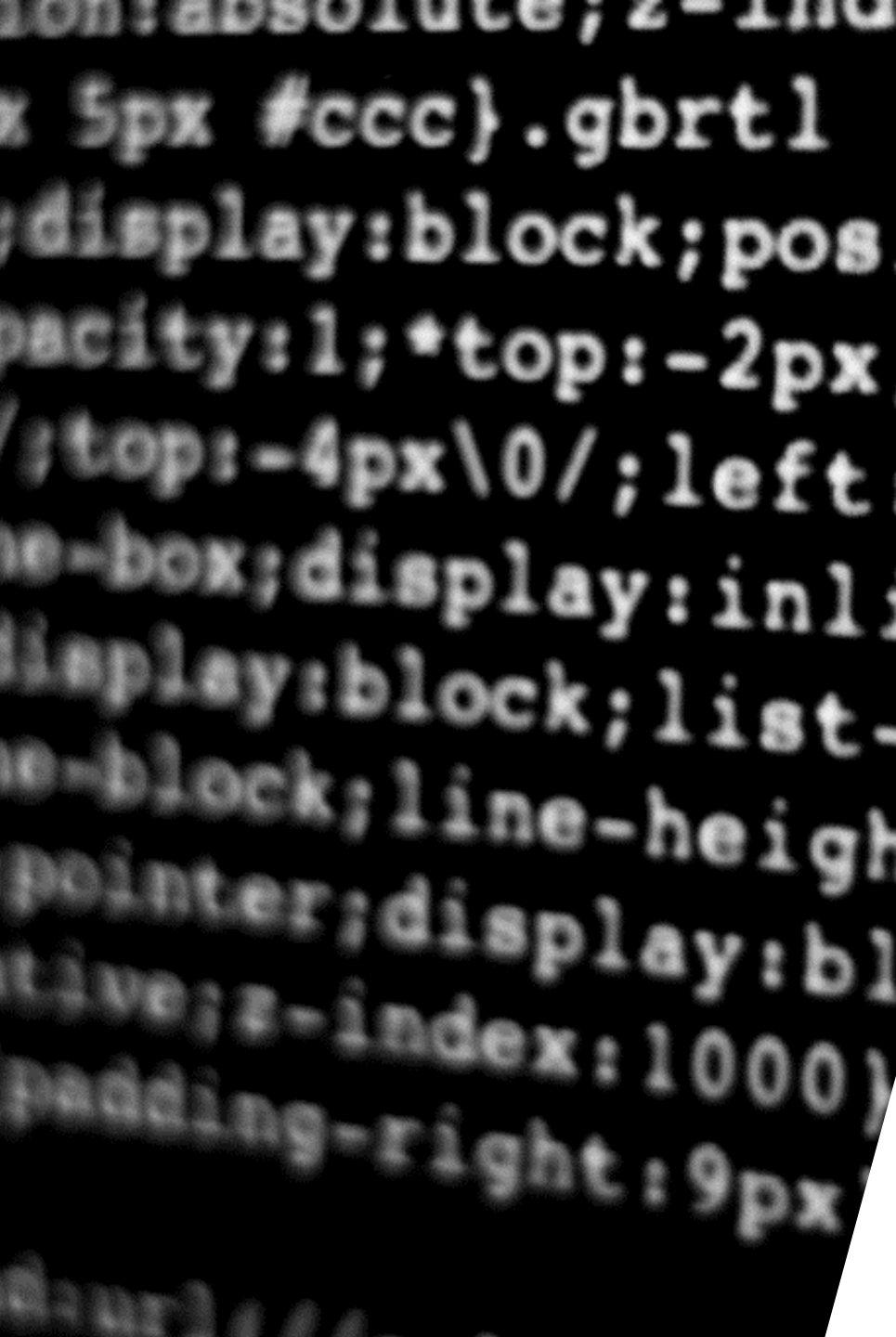
GOALS:

TRUST AND ACCOUNTABILITY

PROS OF CORPORATE TRANSPARENCY

- ❖Trust Building: Enhances reputation with customers and investors.
- ❖Regulatory Compliance: Reduces legal risks.
- ❖Operational Efficiency: Promotes internal accountability.
- ❖Stakeholder Engagement: Fosters relationships with employees, communities, and partners.

WHAT INFORMATION DO YOU WANT TO RELY ON?



CONS OF CORPORATE TRANSPARENCY

- Competitive Risks: Sharing sensitive data can advantage competitors.
- Resource Intensive: High costs for compliance and communication.
- Potential Misuse of Data: Risk of misinterpretation by media or the public.
- Overload of Information: Challenges stakeholders in processing vast amounts of data.

WHAT INFORMATION DO YOU ACTUALLY NEED?

HOT TOPICS IN THE US & EU

WHAT ARE WE WORRIED ABOUT?

COMMON FOCUS

- ❑ SUSTAINABILITY
- ❑ PUBLIC ACCOUNTABILITY
- ❑ ROLE OF TECHNOLOGY

United States

- ❖ Sustainability Reporting: SEC's proposed climate disclosure rules.
- ❖ Data Privacy: Impacts of laws like CCPA (California Consumer Privacy Act).
- ❖ Diversity and Inclusion Metrics: Transparency on workforce demographics.

European Union

- ❖ Corporate Sustainability Reporting Directive (CSRD): Expanded requirements for ESG disclosures.
- ❖ Tax Transparency: Public country-by-country reporting (CBCR).
- ❖ Whistleblower Protection: EU Whistleblowing Directive implementation.

HYPO

- IS IT ILLEGAL TO TAKE RISKS?
- RED LIGHT EXAMPLE

WHAT INFORMATION DO YOU WANT TO RELY ON?

GATEKEEPER FAILURE

POTENTIAL WAYS A GATEKEEPER CAN BE HELD ACCOUNTABLE

HIGH STANDARD – WHY?

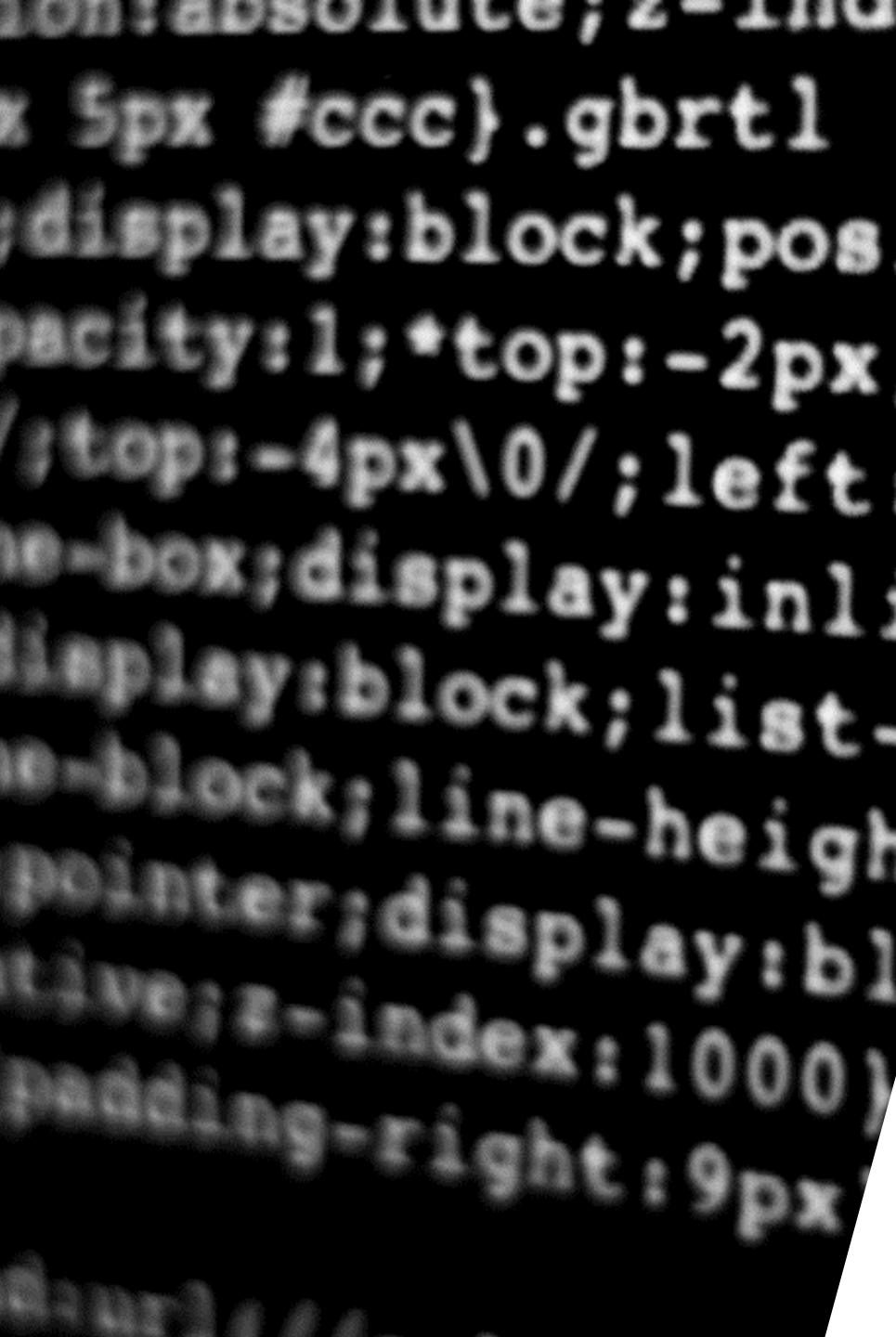
EXAMPLES:

FALSE / MISLEADING INFORMATION

The gatekeeper verifies an issuer statement that it knows, or through reasonable effort could know, is false or misleading.

NEGLIGENCE

FRAUD



THE INCREASING ROLE OF TECHNOLOGY IN CORPORATE GOVERNANCE AND COMPLIANCE

AUTOMATED. EMOTIONLESS. DIGITIZED. SAFE?

WHAT IS “DISRUPTIVE TECHNOLOGY”?

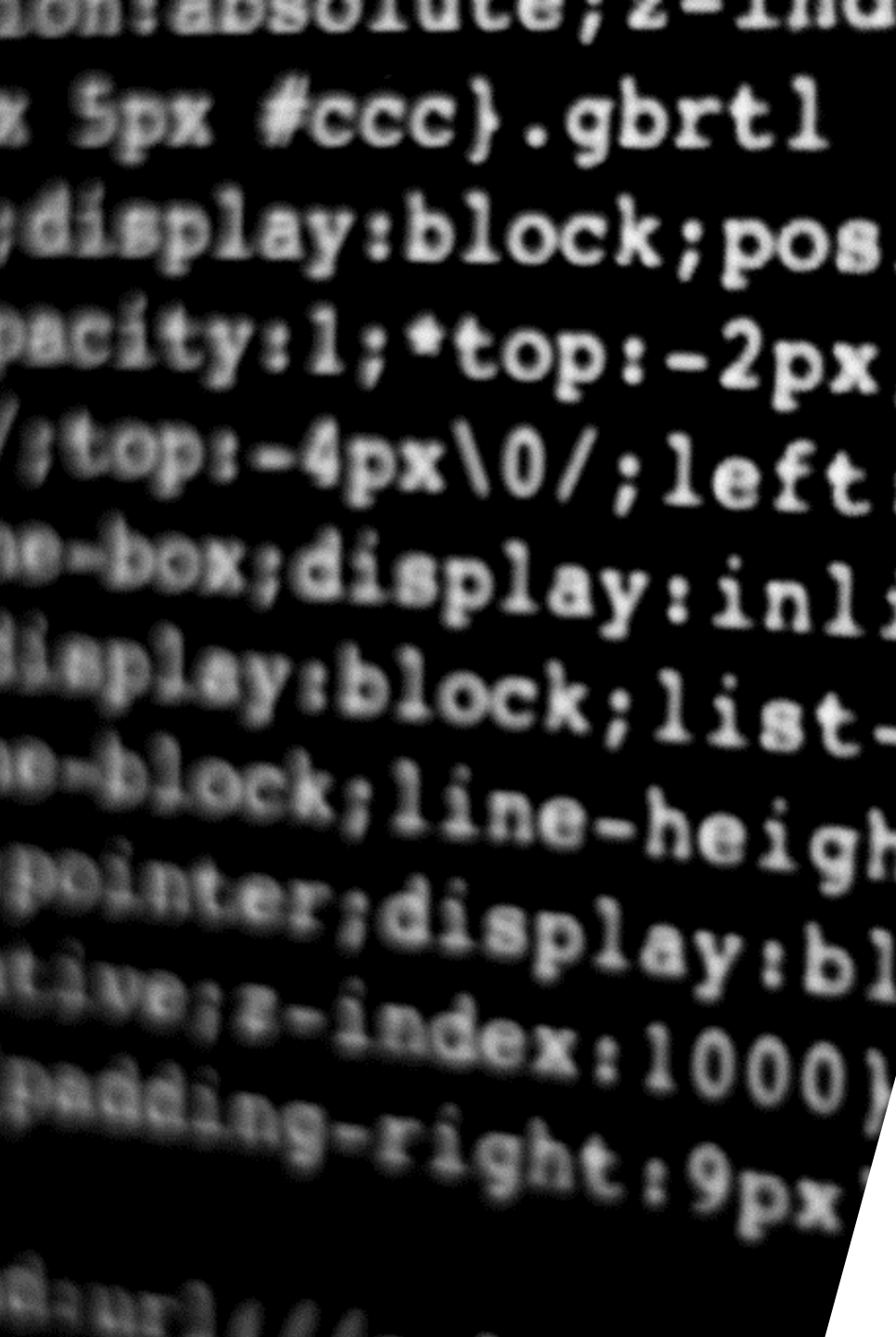
- ARTIFICAL INTELLIGENCE (AI)

- DISTRIBUTED LEDGER TECHNOLOGY & BLOCKCHAIN

- BIG DATA

-SOFTWARE

HOW ARE THEY USED? WHAT SAFEGUARDS CAN WE USE?



LIFECYCLE OF "DISRUPTION"

Phase 1
CREATION → USE→ REGULATORY REACTION

Phase 2
TECHNOLOGIC REACTION → REGULATORY & TECH INNOVATION → "SAFE/WIDESPREAD USE"

AUTOMATED. EMOTIONLESS. DIGITIZED. SAFE?

REGULATING “DISRUPTION”

- NEW RULES VS. EXISTING RULES
- SELF-REGULATION VS PUBLIC REGULATION
- WAIT AND SEE
- REGULATORY SANDBOXES AND INNOVATION HUBS

THE UNDERBELLY OF TECHNOLOGY

-WHO IS RESPONSIBLE TO WHO
& FOR WHAT?

-BIG DATA – WHAT ARE SOME ISSUES?
& HOW DO WE REGULATE?

-AI?

HOW ARE THEY USED? WHAT SAFEGUARDS CAN WE USE?

TECHNOLOGY AS A GATEKEEPER

- CAN AI (OR TECHNOLOGY) FUNCTION AS A BOARD MEMBER?
- AS A CEO?
- AS A DECISION MAKER?
- WHO IS RESPONSIBLE? AND FOR WHAT?

• Delaware Law:
“The board of directors of a corporation shall consist of 1 or more members, each of whom shall be a natural person”

• Other jurisdictions:
Maybe, pending there is no requirement of natural persons, or other stipulations – see regulation of disruptive tech.

HYPOTHETICAL

LETS MAKE IT REAL...

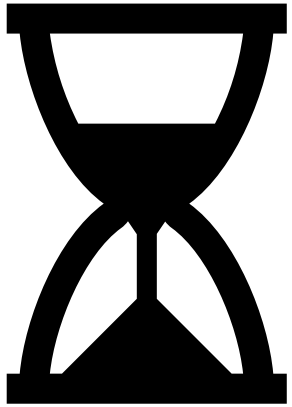
15CHF 150CHF 175CHF

E V A L U A T I O N S

English: https://www.qmsl.uzh.ch/en/K3HYR

German: https://www.qmsl.uzh.ch/de/K3HYR

B R E A K



THANK YOU

PLEASE FEEL FREE TO
CONTACT WITH QUESTIONS

HOLLY.HOCH@IUS.UZH.CH