



# ASIAN ROUNDTABLE ON CORPORATE GOVERNANCE

A large, semi-transparent orange and red background featuring several overlapping compass roses. The word 'AGENDA' is centered in large, white, bold, sans-serif capital letters.

# AGENDA

**Organised with the support of the Government of Japan**

**11-12 February 2014**

**Mumbai, India**

## Context

Held just before the OECD Corporate Governance Committee meets in Paris to start reviewing the OECD Principles of Corporate Governance – this meeting of the Asian Roundtable on Corporate Governance provides an important opportunity to share experiences and developments in the region as well as their implications for improving corporate governance policies and practices.

This meeting comes at a critical time. Equity markets all over the world are undergoing important changes. In the most developed markets, high-frequency trading, increased use of indexing and growing market fragmentation are being seen, along with a marked decline in initial public offerings (IPOs) and increase in de-listings during the last decade. Meanwhile, some of the larger emerging markets have picked up a growing share of IPOs.

Developments in terms of market structure, investment strategies and ownership have also raised questions about the conditions for equity-financed growth and the need to adapt corporate governance requirements and practices to changing circumstances. These are some of the questions and issues that are being discussed as the OECD prepares to review the OECD Principles of Corporate Governance this year.

The Roundtable's sessions have been designed and structured to address several of the special characteristics of Asian markets, such as the prevalence of concentrated ownership, notably by the state and families and how corporate governance policies, regulations, enforcement and practices have evolved or should be adjusted to fit the particular challenges and opportunities associated with such characteristics. Small group sessions will focus on Asian experience with the OECD Principles of Corporate Governance and draw out aspects that could be taken into consideration during the revision.

This year's meeting will cover four main themes:

- 1) Improving public supervision and enforcement in Asia: good practices;
- 2) Governance and performance of listed state-owned enterprises;
- 3) Family-owned business groups: risks and opportunities;
- 4) Revision of the OECD Principles of Corporate Governance: small group discussions

## Mandate

Established in 1999, the Asian Roundtable on Corporate Governance (ARCG) has become a unique platform for engagement by senior officials, regulators, and practitioners - including international and regional institutions and academics - committed to improving corporate governance in Asia (1).

The overall goal of the ARCG is to support decision-makers in their efforts to improve corporate governance in the region. This is achieved through Task Forces, informal peer review of corporate governance policy frameworks and practices in the region, benefitting from international.

*(1) The participating Asian economies include: Bangladesh, China, Hong Kong China, India, Indonesia, Korea, Malaysia, Mongolia, Pakistan, the Philippines, Singapore, Chinese Taipei, Thailand and Vietnam.*

# DAY 1

9h00 Registration

**9h30-10h00** **OPENING REMARKS**

**Whole Time Member**, Securities and Exchange Board of India

**Mr. William Danvers**, Deputy Secretary-General, OECD

**10h00-11h00** **SESSION 1 – RECENT CORPORATE GOVERNANCE DEVELOPMENTS IN INDIA**

## Issues for discussion:

*Last year, India witnessed vast changes in its corporate governance framework with the enactment of Companies Act, 2013. The 2013 Act, unlike the Companies Act 1956 which it seeks to replace, contains various provisions intended to improve the governance standards of Indian Companies. The year 2013 started with SEBI issuing a consultative paper, reviewing corporate governance in India and proposing substantial changes to the corporate governance standards in Clause 49 of the Listing Agreement. What are the implications of the proposed changes in the Companies Act 2013 and the SEBI Consultative Paper? How effective would the proposed changes be in improving corporate governance standards in India? Are these at par with international standards? Are these steps in the right direction? SEBI has also come out with various measures recently to improve the disclosure and enforcement relating to corporate governance including: strengthening, monitoring and enforcement powers of stock exchanges, e-voting, disclosure of voting pattern, business responsibility reports etc. What has been the impact of the measures already implemented by SEBI? How effective are these measures? What could be done to further improve governance standards in Indian corporates?*

**Chair:** **Mrs. Shyamala Gopinath**, Former Deputy Governor, Reserve Bank of India

Presentation by **Mr. TV Mohandas Pai**, Chairman of Manipal Global Education and Chairman of Primary Market Advisory Committee of SEBI

## Panel:

- **Mr. Pratip Kar**, Senior Advisor, Deloitte Touche Tohmatsu India Pvt Ltd
- **Mr. Nawshir Mirza**, Professional Independent Director

11h00-11h30	TEA BREAK
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11h30-13h00	SESSION 2 – IMPROVING SUPERVISION AND PUBLIC ENFORCEMENT IN ASIA: GOOD PRACTICES
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**Issues for discussion:** *Work by the Enforcement Task Force in 2013 showed that there is both convergence and divergence in terms of frameworks, practices and outcomes in Asia. The convergence is at the macro level where most Asian jurisdictions have fairly similar laws, regulations and rules, regulatory institutions and judicial process. However, divergence lies in the adequacy of the laws, and particularly how the regulatory institutions are organised, staffed and funded; priorities and strategies for enforcement; sanctions imposed; the approaches taken; the efficacy of the judicial process and competency of the judges. A key question remains, how serious are the regulators in enforcing which will determine the outcome. Also, given the corporate ownership structure in the form of controlling families, the state and business groups, how can enforcement of minority shareholder rights be enhanced? A good practices report will be presented, based on the diverse experiences in the region and benefitting from the OECD Corporate Governance Committee's peer review on this topic.*

**Chair:** **Mr. Rainer Geiger**, Consultant, Board Member, INEADEC (Institut Euro-Africain de Droit Economique, France)

Presentation of the *Best Practice Guide* by **Ms. Selvarany Rasiah**, Chief Regulatory Officer, Regulations, Bursa Malaysia Bhd, Malaysia

**Panel:**

- **Mr. Tien-Mu Huang**, Vice Chairperson, Financial Supervisory Commission, Chinese Taipei
- **Ms. Supa Thamthivat**, Director, Enforcement Department, Securities and Exchange Commission, Thailand
- **Dr. Shiguang Liao**, Senior Manager of Research and Development Department, Shanghai Stock Exchange
- **Mr. Richard Teng**, Chief Regulatory Officer, Singapore Exchange

13h00-14h30	LUNCH
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14h30-17h30

**SESSION 3 - SMALL GROUP DISCUSSIONS ON THE REVISION OF THE OECD PRINCIPLES OF CORPORATE GOVERNANCE**

*The OECD Corporate Governance Committee will undertake a review of the OECD Principles of Corporate Governance (the Principles) in 2014. The objective is to complete the review of the Principles during the first half of 2015. The review shall be guided by the mandate given to the Committee and the Committee's role as an international standard setter. The review will build on the core values expressed in the Principles of Corporate Governance.*

*Since the Principles are a global standard also adopted by the Financial Stability Board (FSB), the OECD Council has invited all FSB member jurisdictions to participate in the review as Associates. For the purpose of the review, Associates will be considered part of the Committee with the same decision-making rights as OECD members.*

*The review will benefit from consultations with stakeholders, including from the business sector, professional groups at national and international levels, trade unions, civil society organisations and international standard setting bodies. Countries that are not participating as Associates will be invited to consultations either in connection with the Committee meetings, or in the context of the regional corporate governance roundtables, such as this Asian Roundtable.*

*The OECD Guidelines on Corporate Governance of State Owned Enterprises will also be reviewed by the OECD Working Party on State Ownership and Privatisation in 2014/2015. FSB members are also offered Associate status in this process. Asian Roundtable participants are welcome to provide any additional suggestions specific to the Guidelines.*

**Introduction:** Mr. Akira Nozaki, Senior Economist, Corporate Affairs Division, OECD

**Moderators:** Mr. Fuad Hashimi, President and Ceo, Pakistan Institute of Corporate Governance; Mr. Farhad Ahmed, Executive Director, Bangladesh Securities and Exchange Commission (BSEC); Dr. Jesus Estanislao, Chairman, Institute of Corporate Directors, Philippines; Dr. Tony Tan, Head, Standards & Financial Market Integrity, CFA Institute; Dr. Nik Ramlah Mahmood, Deputy Chief Executive, Securities Commission Malaysia; Mr. Jamie Allen, Secretary General, Asian Corporate Governance Association.

**Note takers:** Mr. J. Unenbat, Executive Director, Corporate Governance Development Center, Mongolia; Ms. Justina Callangan, Director, Philippines Securities Commission; Ms. Lopa Rahman, Corporate Governance Specialist, IFC Bangladesh; Dr. Ratna Januarita, Board Member, National Committee on Governance Policy of Indonesia. Mr. Wilton Henriques, Council Director, Governance and Risk Management, The Conference Board. Ms. Brenda Hu, Section Chief, Securities and Futures Bureau, Chinese Taipei

19:00  
onwards

**Dinner at the Taj Mahal Palace**

## DAY 2

9h00-9h30	ASEAN CORPORATE GOVERNANCE SCORECARD
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### Speakers:

- **Mr. Mohd Sani Ismail**, Finance Sector Specialist, Asian Development Bank
- **M.s Azryta Abdul Aziz**, Head of the Corporate Governance Department, Corporate Governance, Securities Commission Malaysia

9h30-10h30	SESSION 4 - FEEDBACK FROM BREAKOUT SESSIONS
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**Chair:** **Mrs. Fianna Jurdant**, Senior Policy Analyst, Corporate Affairs Division, OECD

*All the moderators will be reporting their summaries.*

Feedback from **Mr. Brendan Kelly**, Vice Chair, OECD Corporate Governance Committee, and International Economist, U.S. Department of Treasury

10h30-11h00	TEA BREAK
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11h00-12h30	SESSION 5 – GOVERNANCE AND PERFORMANCE OF LISTED STATE-OWNED ENTERPRISES
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**Issues for discussion:** *Over the past few years there has been a growing interest in the issue of broadening the ownership of state-owned enterprises (SOE). Broadening the ownership through listing SOEs, and the subsequent consequences this has for corporate governance, performance, and ownership rights (i.e. both minority and majority shareholder rights) is an important issue for the region and globally. Regardless of the type of listing arrangements, share offerings for SOEs may have an impact on company performance, governance arrangements, and ultimately the quality of governance.*

*It is generally accepted that listing can improve efficiency of any company by subjecting it to the rigours of stock market listing and enhancing its financial flexibility by opening new alleys for raising fresh capital (OECD, 2004). However, the extent to which the governance of listed SOEs changes, and whether their performance differs from other listed companies due to the nature of State participation and remaining State objectives in*

*the company is yet not clear. These types of differences could be reflected in the fact that a) SOEs may have additional objectives above and beyond their commercial ones; and, b) prior to being listed; SOEs may have been subject to different governance arrangements from their listed peers. This session will gather experience from the region, which will input to the OECD Working Party on State-Ownership and Privatisation Practices.*

**Chair:** **Mr. John Lim**, Immediate Past Chairman, Singapore Institute of Directors and former chairman of the Asian Corporate Governance Network for SOEs, Singapore

Presentation by **Mr. Bing Li**, Director General, Bureau of Enterprise Restructuring, SASAC, P.R. China

**Panel:**

- **Mr. Zhengjun Zhang**, Managing Partner and CEO, Institute, King Parallel consulting Co. Ltd, P.R. China
- **Mr. Tomasz Zganiacz**, Deputy Director of the Department of Ownership Transformation and Privatisation, Ministry of Treasury Republic of Poland
- **Mr. AK Khandelwal**, Former Chairman & MD, Bank of Baroda, India

12h30-14h00	LUNCH
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14h00-16h00	SESSION 6 - FAMILY-OWNED BUSINESS GROUPS: RISKS AND OPPORTUNITIES IN ASIA
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**Issues for discussion:** *A defining characteristic of stock markets in Asia is the large number of companies controlled by families, the state, or a business group (often also family or state-controlled). A study of nine East Asian economies in 2006 shows that 70% of the 2000 firms in the sample are affiliated to business groups. Some country specific studies report that a substantial number of listed firms belong to business groups that are usually owned by families who use pyramid structures, cross-shareholding and different classes of shares to maintain control.*

*It is well documented that these control-enhancing mechanisms have their own corporate governance challenges, such as minority shareholder protection and risk of abuse of minority rights where the control rights differ from cash flow rights for a controlling owner. At the same time, strong owners and business groups can offer benefits to the economy, such as enhanced ownership engagement, value creation and competitiveness. A background paper will seek to illustrate the different control structures and evolution of ownership structures at company level in Asia, including the role of financial institutions.*

*The discussion will focus on the policy implications, including with regard to responsibility of controlling owners, in this case families. Further, the session will identify what is the cost-benefit considerations that*

*policymakers may need to take into account when contemplating measures to reduce conflicts of interest in family-owned business groups, such as related party transactions, clarify fiduciary duties of directors and ensure minority shareholder rights. This work will support the OECD Corporate Governance Committee's initiative on equity market development and corporate governance in emerging markets.*

**Chair:** **Mr. Hasung Jang**, Dean & Professor of Finance, Korea University, Business School, Korea

Presentation by **Prof. Erik Vermeulen**, Department of Business Law, Tilburg University, The Netherlands

**Panel:**

- **Mr. Moty Yamin**, Director of Corporate Finance Department, Israel Securities Authorities
- **Mr. Sidharta Utama**, Member of the Board of Trustees, Indonesian Institute for Corporate Directorship (IICD), Indonesia
- **Dr. Joseph Fan**, Professor, Department of Finance, Chinese University of Hong Kong Shatin N.T.
- **Mr. Mohammed A. Jabbar**, Managing Director, DBL Group, Bangladesh
- **Mr. D. Muthukumaran**, Head, Group Corporate Finance, Aditya Birla Group

<b>16h00-16h30</b>	<b>CONCLUDING REMARKS</b>
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**OECD**      **Ms. Fianna Jurdant**, Senior Policy Analyst, OECD

**SEBI**

**Thailand**      **Mrs. Somsuda Tanchanpons**, Director, Corporate Governance Center, Securities and Exchange Commission (SEC)

<b>19h00 onwards</b>	<b>Dinner at the Taj Mahal Palace</b>
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