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# White Paper on Strengthening the Role of Institutional Investors in Latin American Corporate Governance: Revision Update

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# History of Drafting

- Draft outline for discussion in Medellin, Colombia in 2007
- Was based on the country task force reports from Argentina, Brazil, Chile, Colombia, Mexico and Peru
- First full draft prepared and discussed in Mexico City, Mexico in 2008 - feedback from external commentators and RT participants
- The current draft for approval (additional on-line consultation launched - feedback expected by December 16, 2009)



# Key Improvements 1

- Update of market characteristics to include 2008 data, including consequences of the financial crisis
- Reflecting changes derived from the crisis - input from OECD
- Updating country-specific information, where available (Brazil, Chile, Mexico)
- Reflecting on the role of banks and the role of the State in corporate governance
- Making the document more user-friendly (TOC and cross-references between the introduction and recommendations sessions, web-friendly version to be issued)

# Key Improvements 2

- More focus on:

- What institutional investors should do to responsibly exercise their ownership rights
- Disclosure of the investors' investment and voting policies
- Enabling investors to vote and exercise their rights, particularly in cross-border context
- Involving custodians and intermediaries through whom the ownership rights are often exercised
- More attention to IIs playing leadership role, especially those with a social purpose
- Recognizing the importance of internal governance, compensation and conflict of interests treatment of IIs and of the increased transparency in their operations
- Investor communication
- Rating agencies and service providers being only an input to decision-making

# Next Steps

- Hear and discuss progress of implementation of some WP recommendations (Brazil, Chile, Mexico, others) - **today**
- Feedback from RT participants - **today**
- Feedback from the public consultation - **December 2009**
- The Roundtable's formal endorsement of the current draft and issuance of the final version (the final changes and modification will be communicated in writing) - **beginning of 2010**

