



Taskforce of the Middle East and North African Stock Exchanges for Corporate Governance

Background

The OECD started its co-operation with governments in the Middle East and North Africa region (hereafter MENA) in 2005. As part of this co-operation, a regional *Working Group on Improving Corporate Governance* was established with the participation of 18 governments' representatives. The Working Group serves as a forum for sharing country experiences on corporate governance reform initiatives and allows government and private sector representatives to discuss common challenges and policy options.

In the MENA region, the OECD works in close collaboration with national corporate governance centers and institutes of directors, as well as Ministries of Economy and Finance, stock exchanges, securities market regulators and other relevant actors. During the past several years, it has achieved tangible impact in terms of promoting the awareness of good governance practices and working with regulators on improving corporate governance frameworks.

The Working Group covers issues related to listed, privately-held and state-owned enterprises (SOEs), recognising that each of these plays an important role in MENA economies. Two regional Taskforces were launched in 2007 in partnership with the Hawkamah Institute, one on corporate governance of state-owned entities, the other on corporate governance of banks. This year, a new Taskforce of regional stock exchanges for Corporate Governance is being launched by the OECD in collaboration with its regional and international partners.

The concept

The Muscat Declaration adopted in November 2010 by MENA country representatives mandates the OECD to work with regional stock exchanges on further improving corporate governance of listed companies. A new *Taskforce of Middle East and North African Stock Exchanges for Corporate Governance* will be launched in 2011, with the OECD acting as a Secretariat to it. Heads of stock exchanges from across the region are cordially invited to participate in this work and are asked to nominate other experts to this Taskforce. Securities regulators are also invited to participate in the work of this Taskforce.

The OECD has already worked with stock exchanges in its own member countries in the context of a similar project which aimed at a better understanding of the role of stock exchanges in creating and monitoring corporate governance standards. The final report analysed the traditional role of stock exchanges in corporate governance and how it has evolved in recent years. This project was supported by the World Federation of Stock Exchanges.

A significant interest has also been noted among stock exchanges in the MENA region to engage in a similar project. Considering the growth of some regional exchanges as well as the introduction of corporate codes for listed companies in several countries as comply-or-explain codes, the timing for this project is ideal.

The first Taskforce meeting

The first meeting of this Taskforce will be held at the OECD Headquarters in Paris on 5 July 2011. Representatives of all regional exchanges are invited to participate, alongside regulators, representatives of OECD country exchanges and other relevant experts. The World Federation of Stock Exchanges, the Union of Arab Stock Exchanges and the Federation of Euro-Asian Exchanges have also been invited.

The following topics are proposed for discussion during this first meeting:

- the ownership and governance of stock exchanges,
- the regulatory powers of exchanges,
- the role of exchanges in promoting listing standards,
- the enforcement of corporate governance codes by stock exchanges,
- the role of exchanges in monitoring market participants,
- the role of stock exchanges in encouraging listings and cross-listings.

Questionnaire and final report

The OECD has been disseminating a questionnaire to regional stock exchanges to better understand their responsibilities in setting and monitoring compliance with local corporate governance standards and the corporate governance elements of the listing conditions. A summary of responses to this questionnaire will be presented during the first Taskforce meeting.

Subsequently, a final report will be presented at a regional conference in 2012. The publication will be a first regional corporate governance survey of stock exchanges and will offer concrete recommendations for further bolstering the role of Arab exchanges in corporate governance of listed companies.