



Russian Corporate Governance Roundtable Meeting

AGENDA

2-3 June 2005

*Marriott-Tverskaya Hotel
“Valdaysky” Conference Room
34, 1st Tverskaya-Yamskaya Street
Moscow*

**Meeting co-sponsored by:
the European Union under its TACIS programme
and the Global Corporate Governance Forum**



Meeting co-hosted by:

**Federal Service for Financial Markets (FSFM) of Russia and
the Ministry for Economic Development and Trade of Russia**

Objective and format: This meeting aims to facilitate an exchange of experiences between OECD and Russia policy-makers and experts; to support Russian decision-makers as they consider the costs and benefits of policy options to improve enforcement of corporate governance rules as well as better the corporate governance of state-owned enterprises. The goal of the discussion is to define priorities for reform that should be examined in-depth by two ad hoc Task Forces that will over the following months develop policy options papers for consideration by Russian policy-makers. Speakers are requested to limit their presentations to 15 minutes and discussants, who will comment on the previous presentations, are requested to keep their remarks to 10 minutes in order to allow maximum time for open discussion.

JUNE 2
ENFORCEMENT OF CORPORATE GOVERNANCE RULES

8:30	REGISTRATION
	<u>Chairpersons:</u> Mr. Vladimir Gusakov, Deputy Chairman, Federal Service for Financial Markets, Russia Mr. Vasily Vitriansky, Deputy Chairman, Supreme Arbitrazh Court, Russia
9:00	<i>Opening Remarks</i> ➤ Mr. Oleg Viugin, Chairman, Federal Service for Financial Markets, Russia ➤ Mr. Marc Franco, Head of Delegation-Ambassador, Delegation of the European Commission to Russia ➤ Mr. Daniel Blume, Principal Administrator for Corporate Governance Outreach, OECD
9:45	<i>PART 1 : SUPERVISION AND REGULATORY ENFORCEMENT</i> <i>Session a: Securing, maintaining and strengthening investigative power and sanctions</i> <u>Issues for discussion:</u> (i) <i>What considerations come to play when deciding whether to pursue disciplinary or administrative sanctions? In what cases, if any, should criminal sanctions be considered?</i> (ii) <i>What mix of investigatory power and sanctions are required for effective administrative action? What is the authority of the regulator in such investigations? How should of cooperation with other enforcement agencies?</i> (iii) <i>What are the enforcement patterns?</i> <ul style="list-style-type: none"> • Mr. Ian Mason, Head of Department, Financial Services Authority, United Kingdom • <i>The Reform of EU Company Law and Corporate Governance: Enforcement Implications for Regulators</i> by Mr. Joe McCahery, Coordinator, Centre for European Policy Studies, Netherlands • <i>Regulatory enforcement in Russia</i> by Ms. Tatiana Medvedeva, Senior Legal Advisor, and Mr. Alex Timofeev, Legal Advisor, Centre for the Capital Market Development, Russia <i>Discussants:</i> <ul style="list-style-type: none"> • Ms. Berna Collier, Commissioner, Securities and Investments Commission, Australia • Ms. Elena Kuritsina, Head of Department, Federal Service for Financial Markets, Russia OPEN DISCUSSION

11:15	Coffee break
11:30	<p>Session b: Ensuring capacity, integrity and accountability of Regulators</p> <p><u>Issues for discussion:</u> (i) How can the regulator attract, maintain and strengthen qualified staff on competitive terms given recent administrative reforms? (ii) How is communication with market participants on regulations conducted; (iii) what are the possibility of out-of-court settlements and the authority of the regulator in that respect?; (iv) how effective is stock exchange enforcement? (vi) What are the relations between the regulator and other self-regulatory organisations, what is the role of SROs in enforcement?</p> <ul style="list-style-type: none"> • Ms. Berna Collier, Commissioner, Securities and Investments Commission, Australia • Mr. Leonid Savvinov, Head of Listing, MICEX, Russia • Mr. Leo Goldschmidt, Board Member, European Corporate Governance Institute, Belgium • Mr. Petr Lanskov, Deputy Chairman of the Board of Directors, PARTAD, Russia <p>Discussant:</p> <ul style="list-style-type: none"> • Ms. Anete Pajuste, Research Associate, SITE, Stockholm School of Economics, Sweden • Ms. Elena Avakian, Chief Executive Officer, NAUFOR, Russia <p>OPEN DISCUSSION</p>
13:00-14:30	Lunch
	<p><u>Chairperson:</u> Mr. Viktor Pleskachevsky, Chairman, Committee of Property, Russia State Duma</p> <p><u>Co-Chairperson:</u> Mr. Rainer Geiger, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD</p>
14:30	<p>Part II: JUDICIAL ENFORCEMENT</p> <p>Session a: Court practice - supporting effective civil and criminal enforcement</p> <p><u>Issues for discussion:</u> (i) What lessons can be learned from shareholder activism? (ii) Where has litigation succeeded and where has it failed, why? (iii) Can arbitration, arbitration courts and alternative dispute resolution enhance enforcement, given the heavy case-load of Russian judges? (iv) How should regulators, prosecutors, judges and lawyers best interact to investigate and prosecute cases? (v) How can leverage generated by criminal proceedings be used to facilitate administrative and civil actions?</p> <ul style="list-style-type: none"> • Ms. Alexandra Makovskaya, Head of the Analytical Relations Department for Court Practice, Supreme Arbitrazh Court, Russia • Mr. Daniel Wilfred, Charge de Mission, Justice Ministry, France • Mr. Kirill Ratnikov, Partner, CMS Cameron McKenna, Russia • Mr. Denis Blank, Portfolio Manager, Hermitage Capital Management, Russia

	<p>Discussants:</p> <ul style="list-style-type: none"> • Ms. Brenda Horrigan, Partner, Salans, France • Mr. Ilya Poluyakhtov, Legal consultant, Russia Banking Corporate Governance Project, International Finance Corporation (IFC) <p>OPEN DISCUSSION</p>
16:30	Coffee break
17:00	<p><i>Session b: Ensuring Judicial Infrastructure</i></p> <p><u>Issues for discussion:</u> (i) <i>What are the backgrounds of Russian judges? How are they selected?</i> (ii) <i>What scope do judges have for “interpreting” the law? How is their impartiality reviewed and protected?</i> (iii) <i>What can be done to raise the expertise and competence of judges with the demands of complex financial and regulatory prosecutions?</i></p> <ul style="list-style-type: none"> • Ms. Eva Thiel, Team Leader, Corporate Governance EC Project, Russia • Ms. Ludmila Novoselova, Supreme Arbitrazh Court, Russia • Ms. Christelle Gilles, Senior Training Expert, Assistance to the Arbitration Courts System (AACS) - EC Project, Russia <p>OPEN DISCUSSION</p>
18:00	<i>Summary and conclusions, the way ahead</i>

JUNE 3
CORPORATE GOVERNANCE OF STATE-OWNED ENTERPRISES

	<p><u>Chairperson:</u> Mr. Rudolf Muller, Senior Counselor, State Secretariat for Economic Affairs (SECO), Switzerland</p> <p><u>Co-Chairperson:</u> Mr. Pavel Potapov, Deputy Head of the Department on Property, Ministry of Economic Development and Trade, Russia</p>
9:00	<p><i>Introductory presentations</i></p> <ul style="list-style-type: none"> ➤ Mr. Pavel Potapov, Deputy Head of the Department on Property, Ministry of Economic Development and Trade, Russia - <i>Corporate Governance of State-Owned Enterprises in Russia</i> ➤ Ms. Anna Belova, Vice-President, “RZhD (Russian Railroads)” Company, Russia ➤ Mr. John Litwack, Lead Economist, Russia Country Department, The World Bank, Russia ➤ Ms. Mathilde Mesnard, Administrator, Corporate Affairs Division, OECD - <i>OECD Guidelines on Corporate Governance of State-Owned Enterprises and the OECD Comparative Report</i> <p>OPEN DISCUSSION</p>
10:45	Coffee Break
11:15	<p><i>Session I: Ownership function of the state</i></p> <p><u>Issues for discussion:</u> (i) <i>What is the ownership structure of Russian SOEs following recent restructuring efforts?</i> (ii) <i>What agencies exercise the ownership function of the state? Is this ownership function effectively centralised or co-ordinated? Is there an effective separation between the state’s role as owner and as regulator?</i> (iii) <i>What are the objectives of the state’s ownership policy? What are the vehicles for implementing it? How are privatisation-related issues covered by the ownership policy?</i> (iv) <i>What are the main functions of the ownership entity/ies and are they effectively implemented?</i> (v) <i>What are the challenges for the state to exercise its ownership rights as a true owner?</i> (vi) <i>To whom is the ownership entity accountable? How does the ownership entity report on its activity and performance?</i></p> <ul style="list-style-type: none"> • Ms. Anita Ryng, Director, Department of European Integration and Foreign Cooperation, Ministry of Treasury, Poland and Co-Chair of the OECD Working Group on Privatisation and Corporate Governance of SOEs • Mr. Morten M. Kallevig, Deputy Director General, Department of Ownership, Norwegian Ministry of Trade and Industry, Norway • Mr. Alexander Kolesnikov, Head of the Investor Relations Executive Board, RAO UES, Russia - the corporate perspective <p>OPEN DISCUSSION</p>
13:00-14:00	Lunch
14:00	<p><i>Special consultation regarding guidance for board members: the OECD Business Advisory Group perspective on the corporate governance challenges for boards</i></p> <ul style="list-style-type: none"> • Mr. Peter Dey, Partner, Osler, Hoskin and Harcourt, Barristers and Solicitors, Canada will present initial findings of the business advisory group and seek Roundtable perspectives as input to an OECD report being developed to help guide boards.

14:30	<p>Session 2: The Responsibilities of the Boards of State-Owned Enterprises</p> <p><u>Issues for discussion:</u> (i) Are there specific laws/regulation regarding the boards of SOEs? (ii) What are SOE boards' responsibilities and key functions? What are their main challenges to effectively carry-out their mandate and functions? (iii) What is the typical composition of SOEs board? How is the state represented? Is it represented in companies where the state holds a minority stake? Are their independent members of SOE boards? (iv) How are SOE boards nominated? What are the criteria for SOE board member nomination? Is this a structured and transparent process? (v) Are there specific policies and guidelines regarding the functioning of SOE boards? Are board committees effectively used? (vi) Is there a systematic evaluation of SOE boards' performance? How is SOE boards' remuneration determined? Is performance evaluation taken into account?</p> <ul style="list-style-type: none"> • Mr. Alex Filatov, Executive Director, Independent Directors Association, Russia • Ms. Kathy Milsom, P.Eng., President and CEO, TSSA, Canada • Russian Company • Mr. Stilpon Nestor, Principal, Nestor Advisors, UK – comparative report on EU practices <p>OPEN DISCUSSION</p>
16:00	Coffee Break
16:30	<p>Session 3: Transparency and Disclosure</p> <p><u>Issues for discussion:</u> (i) What are the main elements and frequency of financial and non-financial reporting by SOEs? (ii) What are the key differences between reporting by SOEs and non-SOEs? Is there any specific accounting or audit rules for SOEs? Are SOEs subject to state financial controls and if yes, what type? (iii) Do SOEs report specifically on how they fulfil their objectives and how do they do so? (iv) Is there any aggregate reporting on SOE performance made by the ownership function? (v) What are the main requirements for SOE reporting and communicating with the government and general public? What tools can be used to strengthen accountability and the quality of financial and non-financial information? (vi) What are the main priorities in improving transparency and disclosure by SOEs? (vii) Is information equally accessible to all shareholders? More generally, is there a state policy ensuring that minority shareholders are protected?</p> <ul style="list-style-type: none"> • Mr. Johan De Ketelbutter, Director of the Public Credit Service, Public Federal Finances Service, Belgium • Ms. Julia Kotchetygova, Director, Corporate Governance Services, Standard & Poor's, Russia <p>Discussants:</p> <ul style="list-style-type: none"> • Mr. Andrey Yakushin, Program Coordinator, Centre for Capital Market Development, Russia • Ms. Gunilla Werner Carlsson, Senior Advisor, European Federation of Accountants, Sweden • Mr. Anton Gazetov, Deputy Director, "Taxation and Law" Legal Center <p>OPEN DISCUSSION</p>
18:00	<p>Summary and conclusions</p> <p>Future steps by Ms. Fianna Jesover, Project Manager, Corporate Affairs Division, OECD</p>