Statement from the third meeting of the
Eurasia Group on Corporate Governance for Capital Market Development

13 December 2012, Istanbul

Eurasian countries agree on steps for better corporate governance and capital market development in the region.

High-level representatives of securities regulators, stock exchanges and other market participants from the Eurasia Region convened in Istanbul on 13 December, agreeing on recommendations and priorities for the improvement of corporate governance and capital market development in the region.

The Eurasia Group on Corporate Governance for Capital Market Development met for the third time, with the support of the Capital Markets Board of Turkey, Istanbul Menkul Kıymetler Borsası and Organisation for Economic Co-operation and Development (OECD).

The Group’s recommendations and priorities are set out in its final report, Capital Markets in Eurasia: Two Decades of Reform, the result of a two-year joint project with exchanges and securities regulators. The report analyses the structure, experience and prospects for Eurasian capital markets and highlights recommendations regarding their further development, including the importance of corporate governance improvements and other steps to attract greater participation of companies and institutional investors such as pension funds in local capital markets. It also underlines the critical importance vibrant capital markets can play in underpinning future economic growth in the region. The report was endorsed, subject to final adjustments to be made after the meeting, and will be published on the OECD’s website in the near future.

The report covers 12 countries from the region: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

The Group, including high-level representatives of regulators, stock exchanges, and market participants from the region along with experts from OECD countries and other international organizations, such as International Finance Corporation (IFC) and the Federation of Euro-Asian Stock Exchanges (FEAS), discussed five corporate governance reform priorities for capital market development drawn from its report, as a basis for focusing on future steps. These include:

- Strengthening the capacity and independence of market regulators to ensure even-handed protection of shareholder rights and timely and transparent disclosure to the market,
- Strengthening stock exchange infrastructure including systems to improve corporate governance,
- Improving disclosure of financial and non-financial information to meet international standards,
- Establishing effective and professional boards of directors, and
- Supporting capital market development through state-owned enterprise listings on local Eurasian markets.

Considering Eurasian countries’ market characteristics such as size, level of development, legal and regulatory framework and opportunities for progress, participants agreed to move ahead with the preparation of country-specific strategies and priorities for corporate governance and capital market development. Recognizing the role of the Group as a forum in which they can share experience among themselves and with their colleagues from international organisations, participants also agreed that the
Group should continue supporting reform efforts both at the regional and country level. Further details of the Group’s discussions of priorities and follow-up plans will be issued as a separate summary record of the meeting.