Eurasia Group on Corporate Governance for Capital Market Development

Experts Meeting & Technical Seminar on Capital Markets

Agenda

19-20 June, 2012
İstanbul
Süzer Plaza / Şişli

Hosted by

Central Securities Depository of Turkey (M KK)
Background

The Eurasia Group on Corporate Governance for Capital Market Development was launched in 2011 by the Organisation for Economic Co-operation and Development (OECD) with the participation of Eurasian policy-makers, capital market authorities, stock exchanges and other relevant parties in active cooperation with regional and international organizations. The work of the Group is generously supported by the Capital Markets Board of Turkey and the İstanbul Menkul Kıymetler Borsası.

The objectives of the Group are to:

- Address the link between capital market development and economic growth. Identify how better corporate governance practices can contribute to capital market development in Eurasia.
- Suggest how existing policies, regulations and institutions can be improved to strengthen corporate governance and development of Eurasian capital markets.
- Create awareness in Eurasia of the role of corporate governance in capital market development through sharing of international best practices and knowledge with all relevant stakeholders. Create awareness outside of Eurasia about efforts and progress made in the region.
- Reinforce the capacity of Eurasian regulators to efficiently exercise their responsibilities.

The Group comprises representatives of Eurasian Capital Market Authorities, Ministries, Stock Exchanges and other relevant parties with an active cooperation with regional and international organizations. Key participating countries from the region include Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

The first meeting of the Group took place on 27 September, 2011 in Almaty and was attended by capital market authorities, ministries, stock exchanges, international organisations, NGOs, academia, private and state owned company representatives in the region. The meeting attracted more than 100 participants including the directors or higher level representatives of regulatory authorities and stock exchanges both from the region and outside of the region.

Experts Meeting

The background paper Capital Markets in Eurasia: Two Decades of Reform was presented to the first meeting of the Group in September, 2011. The paper was intended to provide an overview of the capital market landscape of the region and some tentative proposals for the Group’s future work.

In the first meeting of the Group it was decided to disseminate a follow-up questionnaire to Eurasian countries’ capital market authorities and stock exchanges to further develop the report. It was also decided to organise an expert meeting in order discuss the recommendations to be presented to the second plenary meeting of the Group in the second half 2012.
The Experts Meeting will be organized as a closed roundtable discussion of the issues and potential recommendations highlighted in the conclusions of the revised and expanded draft report, *Capital Markets in Eurasia: Two Decades of Reform*. Therefore each session will provide an opportunity for all participants to interact and discuss the issues that are covered by the report. The OECD Secretariat will provide a brief introduction to the findings of the report at the beginning of each session and structure discussions along the topics provided in the agenda.

The meeting will be held in English. The draft report which will highlight the issues and possible recommendations for discussion, will be disseminated to participants at least one week in advance of the meeting. The summary record of the meeting will be prepared and circulated after the meeting.

**Technical Seminar**

As part of the Group’s meeting, the Capital Markets Board of Turkey and the İstanbul Menkul Kıymetler Borsası will also organise a seminar and discussion back-to-back with the experts meeting on capital market issues, including the surveillance systems for market manipulation, oversight mechanisms of public disclosure practices of listed companies, dematerialization of financial instruments and central depository system, related party transactions and the role of the stock exchange in market surveillance.

Experts from the OECD, the Capital Markets Board of Turkey, the İstanbul Menkul Kıymetler Borsası and the Central Securities Depository will make presentations under the related sessions of the seminar. After each presentation the Eurasia Group participants will be encouraged to comment, to share their country experience and to ask questions.

The seminar will be held in English.
Day 1 - Experts Meeting 19 June, 2012

08.45-09.00  Registration

09.00-09.30  Opening Remarks
  • Daniel Blume, Global Outreach Manager, OECD
  • Bekir Sıtkı Şafak, Executive Vice Chairman, Capital Markets Board of Turkey

All sessions will feature open discussion among all participants, to be co-moderated by Daniel Blume, OECD Global Outreach Manager, and Mr. Richard Frederick, Consultant to the OECD

09.30-11.00  Session 1: Capital Markets in Eurasia: How to stimulate their growth?

Capital markets in the Eurasia region are still at an early stage of development, differing from each other in terms of market size, legal, institutional and regulatory frameworks. A comparative overview of capital markets in the Eurasia region will be presented in order to establish a sound basis for the discussion. In addition, the conditions conducive to motivating companies to list as well as those conducive to institutional investor engagement in the region are important considerations. The effectiveness of different models of regulatory frameworks, and challenges and priorities to strengthen regulatory capacity and building a credible regulator and effective enforcement systems will also be discussed.

Key issues for discussion and potential recommendations for consideration in this session are highlighted in paragraphs 113-116 of the background paper.

11.00-11.15  Coffee break

11.15-12.45  Session 2: The Impact of Stock Exchanges on Corporate Governance

Nearly all Eurasian countries have organised stock markets. However low market capitalisation and liquidity levels and insufficient infrastructure still remain challenging. On the other hand, they have also benefited from the global trend of internationalisation and consolidation of exchanges. The session will address the features of the stock exchange industry of the region and their regulatory powers and relationship with capital market regulatory authorities. The role of stock exchanges in developing and implementing the corporate governance rules and new instruments such as different tiers and corporate governance indices will also be discussed.

Key issues for discussion and potential recommendations for consideration in this session are highlighted in paragraphs 117-121 of the background paper.
12.45-14.00      Lunch

14.00-16.00      Session 3: Corporate Governance Priorities for Capital Market Development

This session aims at discussing corporate governance-focused issues and recommendations addressed in the report that will be presented to the second plenary meeting of the Group in late 2012. In this context, the framework for securing shareholder rights and equitable treatment, to promote effective boards of directors and the quality of public disclosure will be addressed.

Key issues for discussion and potential recommendations for consideration in this session are highlighted in paragraphs 122-128 of the background paper.

16.00-16.15      Coffee break

16.15-17.15      Session 4: State ownership and capital markets

The mass privatisation programmes during the first decade of independence have helped Eurasian countries to develop their stock markets. However, these programmes have only made a limited contribution to capital market development in the region due to issues related to corporate governance structures and methods of privatisation. This session will address current initiatives in the region that are being designed to partially privatise SOEs through stock exchanges, the potential role of SOEs in promoting corporate governance and possible recommendations.

Key issues for discussion and potential recommendations for consideration are highlighted in paragraph 129 of the background paper.

17.15-18.00      Conclusions and Next Steps

Based on the discussion and the draft report, the participants will be invited to share their views on the organisation of the second plenary meeting of the Group, the modalities for ensuring good participation and the issues that should be addressed by the Group.

20.00 Dinner hosted by İstanbul Menkul Kıymetler Borsası

09.30-09.45 Opening Remarks
  - Vedat Akgiray, Chairman, Capital Markets Board of Turkey; Vice Chairman, IOSCO

09.45-10.15 Corporate Governance, Value Creation and Growth
  - Mats Isaksson, Head of Corporate Affairs Division, OECD

10.15-11.15 Public Disclosure System
Experts from the Corporate Finance Department of the Capital Markets Board of Turkey will make a presentation on the public disclosure regime in Turkey, review process of the disclosed information by listed companies and the central public disclosure platform.

11.15-11.30 Coffee break

11.30-12.30 Surveillance Systems for Oversight of Trading
Experts from the Market Oversight and Enforcement Department of the Capital Markets Board of Turkey will make a presentation on the surveillance systems for oversight of trading in secondary markets, including the derivative markets.

12.30-13.00 Trends in Oversight of Related Party Transactions
  - Daniel Blume, Global Outreach Manager, OECD

13.00-14.15 Lunch

14.15-15.15 Dematerialization of Financial Instruments and Central Registry System
Experts from Central Securities Depository of Turkey will make a presentation on the dematerialization of financial instruments and custody and post-trading services for a number of securities including equities, corporate debt securities, warrants, Exchange Traded Funds (ETFs), and mutual funds. The presentation will also address the role of central registry system in providing ownership information.

15.15-15.30 Coffee break

15.30-18.00 The Role of Stock Exchange in Market Surveillance
Experts from the İstanbul Menkul Kıymetler Borsası will make a presentation on the market surveillance system, the powers of the Exchange in implementing sanctions and the relationship with capital market regulatory authority regarding regulatory and enforcement powers.