



The Global Corporate
Governance Forum

5th Meeting of the Eurasian Corporate Governance Roundtable

*PRESENTATION OF THE PAPER
“CORPORATE GOVERNANCE IN EURASIA: A COMPARATIVE OVERVIEW”*

AND

REVIEW OF CORPORATE GOVERNANCE REFORMS IN UKRAINE

A g e n d a

Held at the
Hotel Rus, Venetian Conference Room
Kyiv, Ukraine

17 – 18 May 2004

with the support of

The Government of Japan



Financial Markets International, Inc.



and



Canadian
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Staatssekretariat für Wirtschaft
Secrétariat d'Etat à l'économie
Segretariato di Stato dell'economia
State Secretariat for Economic Affairs

seco

FIFTH EURASIAN CORPORATE GOVERNANCE ROUNDTABLE

Background

Using the OECD principles of corporate governance, the OECD and the World Bank (WB) have agreed to co-operate in improving corporate governance in emerging and transition economies. To this end, they created the OECD/WB Global Corporate Governance Forum, which is providing financial assistance in this effort. One important outcome of the agreement between the OECD and the WB has been the establishment of Regional Corporate Governance Roundtables aiming to promote good governance in Latin America, Asia, Eurasia, Russia, and South East Europe.

The Eurasian Corporate Governance Roundtable was launched in 2000 with the support of the USAID, the Japanese Government and the IFC. After a decade of transition, most Eurasian countries have succeeded in introducing basic economic legislation and creating institutions that provide the foundation for a market economy. Nevertheless, many countries are suffering from weak enforcement of the legal framework for corporate governance and lack of transparent corporate practices. Current efforts to improve corporate governance constitute an important aspect of the reform process, which could bring about investor confidence and interest and more broadly, could significantly increase the prospects for sustainable economic growth in the region.

The Purpose of the Eurasian Corporate Governance Roundtable

The Eurasian Corporate Governance Roundtable aims at:

- (i) Reviewing current developments in corporate governance in the region, using the OECD Corporate Governance Principles as a benchmark;
- (ii) Identifying issues requiring the attention of policy makers and initiating dialogue on priorities for reforms;
- (iii) Informing the international community about national and regional reform initiatives;
- (iv) Facilitating full access to the ongoing international dialogue on corporate governance.

For this purpose, the roundtable convenes on an annual basis a network of senior policy makers, regulators and market participants from the region, as well as international experts from OECD member countries and international organisations.

The roundtable discussions are supported by topical and country specific empirical research work coordinated by the OECD. This work also represents a solid basis for the preparation of a comparative overview of corporate governance in Eurasia.

Previous meetings of the Eurasian Corporate Governance Roundtable discussed the main features of the corporate governance landscape in the region, shareholder rights and equitable treatment of shareholders, transparency and disclosure, the role boards of directors and stakeholders.

The Fifth Eurasian Corporate Governance Roundtable

The Fifth Eurasian Corporate Governance Roundtable is hosted by the Securities and Stock Market State Commission of Ukraine and the PFTS Securities Trading System. It is organised with the support of the Japanese government, the International Finance Corporation and bilateral donors.

Participants will discuss the paper *Corporate Governance in Eurasia: A Comparative Overview*, which is the result of the Roundtable discussions, country surveys and questionnaires. This is a unique opportunity to present the final version of this paper to the Roundtable and the general public, and to welcome its endorsement and dissemination by the corporate governance players in the region.

The Overview outlines and analyses the corporate governance frameworks and practices of the countries from the region and constitutes one of the main outputs of the Eurasian Roundtable process. Most importantly, it targets urgent areas for reform and proposes a set of reform priorities. The general discussions will also aim to identify options for future work and technical assistance on corporate governance in the region.

Last but not least, the Roundtable will focus on corporate governance developments and reforms in the host country. The main issues for discussion will include: the legal and institutional framework, the importance of self-regulation, the role of institutional investors, the development of sound corporate governance practices at the company level and their importance for attracting capital. Participants from the region, the different national corporate governance constituencies and the chairs of each session will be expected to draw conclusions from the debate and formulate recommendations for policy and voluntary action to improve the corporate governance landscape, attract investment and foster sustainable growth in Ukraine.

Organisation of the discussions

The presentations and discussions will be made in the context of six substantive sessions. One important objective will be to provide an opportunity for Roundtable members to share their views on how the conclusions of the Review can be implemented, as well as to provide examples of current corporate governance trends and reforms in their respective countries.

In each session speakers will make presentations of about 15 minutes each. Speakers are invited to keep their speeches within the proposed time limitations in order to leave ample time for debate and discussion.

During the last session, a panel composed of session chairs will present brief conclusions from the sessions (about 5 minutes each) highlighting the key priorities for improving corporate governance in Ukraine.

Monday, 17th May 2004

11:00 – 12:00 REGISTRATION

12:30 – 14:00 *Lunch*

14:00 – 15:00 OPENING SESSION

Chair: Mr. Serhiy Biriuk, Commissioner, Securities and Stock Market State Commission (SSMSC), Ukraine

Welcoming Address:

- ***Mr. Pavlo Haidutsky***, First Deputy-Head of the Presidential Administration
- ***Mr. Alex Berg***, Senior Specialist, Investment Climate Department, The World Bank Group
- ***Mr. Christian Grossman***, Director, Private Enterprise Partnership, IFC, Moscow
- ***Mr. Masaaki Kaizuka***, Principal Administrator, Directorate of Financial and Enterprise Affairs, OECD

15:00 – 16:30 SESSION I: Presentation of Corporate Governance in Eurasia: Comparative Overview

Chair: Ms. Irina Zarya, President, First Securities Trading System (PFTS), Ukraine

Presentation:

- **The Comparative Overview**, *Ms. Elena Miteva*, Administrator, Directorate for Financial and Enterprise Affairs, OECD

Panel Discussion:

- *Mr. Edward Muradian*, Chairman, Securities Commission of Armenia
- *Mr. Alum Bati*, Partner, Salans, Azerbaijan
- *Mr. Mikhael Djibouti*, Chairman, National Securities Commission of Georgia
- *Ms. Aiken Nazhimedanova*, Head, Issue and Circulation of Financial Instruments, National Bank of Kazakhstan
- *Mr. Christian Strenger*, Member of the Global Corporate Governance Forum, the German Corporate Governance Commission and Board Member, DWS Investment, Frankfurt, Germany

General Discussion

16:30 – 17:00 *Coffee Break*

17:00 – 18:30 **SESSION II: Priorities for Reforms in Eurasia and Follow-Up to the Eurasian Corporate Governance Roundtable**

Chair: Dr. Rainer Geiger, Deputy Director, Financial and Enterprise Affairs, OECD

- **Brief on the Revision of the OECD Corporate Governance Principles *by the chair***
- **Tour de table on reform priorities and future work**

General Discussion

19:30 – 20:30 ***Reception***

Tuesday 18th May

09:00 – 9:45 **Opening Session**

Opening remarks by:

H.E. Ambassador of Japan to Ukraine Mr. Kishichiro Amae

H.E. Ambassador of the US to Ukraine Mr. John Herbst

H.E. Ambassador of Switzerland to Ukraine Mr. Jean-François Kemmer

H.E. Ambassador of Canada to Ukraine Mr. Andrew Robinson

Key note address: Corporate Governance and the Development of Investment Processes in Ukraine, Mr. Mykola Azarov, First Vice Prime Minister of Ukraine, Ministry of Finance

9:45 - 11:00 **SESSION III: The Corporate Governance Framework of Ukraine**

Chair: Mr. Serhiy Biriuk, Commissioner, Securities and Stock Market State Commission (SSMSC), Ukraine

Chair: Mr. Yuri Yekhanurov, Head of the Committee on Industrial Policy and Entrepreneurship, Verkhovna Rada of Ukraine (VRU)

Remarks by the Chair on the Importance of Corporate Governance for Economic Growth and Development in Ukraine

Presentations:

- **Legal Framework of Corporate Governance, Mr. Serhiy Biriuk, SSMSC**
- **Corporate Governance and Sustainable Economic Growth in Ukraine, Ms. Liudmyla Musina, Deputy-Ministry of Economy and European Integration, Ukraine**
- **Corporate Governance as an important component of the industrial policy and entrepreneurship in Ukraine Yuri Yekhanurov, Head of the Committee on Industrial Policy and Entrepreneurship, Verkhovna Rada of Ukraine (VRU)**
- **Corporate Governance and the Banking Sector, Mr. Leonid Krotiuk, Deputy Head, National Bank of Ukraine**
- **The Role of the Judiciary in Improving Corporate Governance, Mr. Valentyn Serdiuk, Head of the Department, Commercial Court Chamber, Ukrainian Supreme Court**

11:00 – 11:30 *Coffee Break*

11:30 – 12:45 **SESSION IV: The Role of National Corporate Governance Principles for Fostering a Culture of High Standards**

Chair: Mr. Christian Strenger, Global Corporate Governance Forum

Presentation by the Chair on Corporate Governance Standards: The Importance of Compliance and Main Issues in Germany

Presentations:

- **Adoption and Mechanisms for Implementation of the National Corporate Governance Principles**, *Mr. Mykola Burmaka*, Commissioner, SSMSC
- **Introducing Best Corporate Governance Practice through Education**, *Mr. Olexandr Okunev*, International Business Institute, Kyiv, Ukraine
- **The Experience with the King Guidelines**, *Mr. Philip Armstrong*, ENF Corporate Governance Advisory Services

General discussion

13:00 – 14:00 *Lunch*

14:00 – 15:15 **SESSION V: Corporate Governance Practices in Ukrainian Joint Stock Companies**

Chair: Mr. Philip Armstrong, Consultant, ENF Corporate Governance Advisory Services (Pty) Limited, South Africa

Presentations:

- **The Experience of Ukrainian Joint Stock Companies**, *Ms. Diana P. Smakhtina*, Sigma Bleyzer, Ukraine
- **The Role of the State as a Shareholder**, *Mr. Yevgen Hryhorenko*, State Property Fund, Ukraine
- **Institutional Investment and Development of Corporate Governance in Ukraine**, *Mr. Dmytro Leonov*, Ukrainian Institute of Stock Market Development
- **Preliminary Results of the IFC Survey of Corporate Governance in Ukraine**, *Mr. Ihor Kitela*, Legal Advisor, Ukraine Corporate Development Project, IFC

General discussion

15:15 – 15:45 *Coffee Break*

15:45 – 17:00 **SESSION VI: Corporate Governance as a Factor for Stock Market Development, Investment and Economic Growth**

Chair: Ms. Motria Onyschuk-Morozov, Senior Operations Manager, Corporate Governance, Central and Eastern Europe Department, IFC

Presentations:

- **Value in Corporate Governance**, *Mr. Simon Wong*, Corporate Governance Expert, McKinsey & Company
- **The Role of Corporate Governance Rating Systems**, *Ms. Julia Kochetygova*, Director, Corporate Governance Services Standard & Poors, Russian Federation
- **Impact of Corporate Governance on Companies: The Experience of Ukrainian Joint Stock Companies**, *Mr. Olexiy Dubiley*, Deputy-General Director on Development and Corporate Governance JSC Odescable.

Panel Discussion

17:00 – 17:30 **CONCLUDING SESSION**

Chair: Dr. Rainer Geiger, OECD

- Summary of Discussions by Chairs and Concluding Remarks