

Progress in Corporate Governance in Macedonia

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TO BE PRESENTED:

- I. Recent developments in the Corporate Governance area in Macedonia**
- II. Obstacles (difficulties)**
- III. Priorities for future**

I. Recent developments in the CG area in Macedonia

- **Company Law**
- **One Stop Shop**
- **New Securities Law**
- **New Bankruptcy Law**
- **CG Code**
- **CG Council**

Company Law

- **Is in force since May 2004**

- **Basis for this law:**
 - EU directives
 - OECD documents (OECD principles and the SEE White Paper on Corporate Governance)
 - International theory and practice in the area of Corporate Governance

- **Introduction of new postulates in the CG area in Macedonia:**
 - Major transactions; related party transactions
 - Independence of certain number of members of the BD
 - Access to information by the shareholders
 - New disclosure requirements for the companies

One Stop Shop

- **Is in force since January 1, 2006**
- **The registration process is no longer in the courts, but in the Central Registry (CR)**
- **Why in the CR:**
 - **The client is submitting the needed documentation only in one place**
 - **Simplified and streamlined process**
 - **Time efficient and cheaper process**
 - **Unified data base**
 - **Easy access to data**
- **Striving towards an unified electronic data base in near future**

New Securities Law

- **In force since November 2005**
- **Basis for this law:**
 - EU directives
 - IOSCO principles
 - OECD documents (OECD principles and the SEE White Paper on Corporate Governance)
 - Experiences from some neighbouring countries (Slovenia and Croatia)
- **Different role of the institutions of the Capital Markets, especially of the SEC**
- **Disclosure requirements**

New Bankruptcy Law

- **It is in the Parliament for final review and should be passed by the end of February 2006**
- **Will speed up the bankruptcy procedure**
- **Will be basis for establishment of a professional chamber of Bnkr. trustees**

CG Code

- **The Process of Drafting the Code**
- **Starting Grounds for Drafting the Code**
 - The new Company Law (May 2004)
 - OECD documents (OECD principles and the SEE White Paper on Corporate Governance)
 - EU Action plan for CG
 - The Macedonian Code of Business Conduct prepared by the CGC
 - Codes of good CG from other countries (Holland and others)
- **Structure, Content**
 - Contains ten sections that include different subject areas
 - Every section contains principles (15)
 - The principles are followed by a certain number of best practise provisions applicable for the companies (84)
- **The public debate will also include the status of the Code:**
 - Voluntary acceptance of the Code
 - Mandatory acceptance of the Code - “apply or explain”
 - Combination of the previous two

CG Council

- **Established in January 2004**
- **Platform for discussion and coordination**
- **Activities and events organized and sponsored by the CG Council**

II. Obstacles (difficulties)

- **Low level of knowledge (shareholders)**
- **Capacity of the institutions responsible for enforcement (judges)**
- **Small country**
- **Management is entrenched and “old school”.**

III. Priorities for future

- An active and intensive campaign to increase the level of shareholders awareness**
- Judicial reform (specialization of courts or judges)**
- Intensive training and education of the judges**
- Further development of the Auditing and Appraising profession and appropriate application of the internationally accepted standards**
- Expansion of Undergraduate and Post-Graduate Commercial Law Programs**