



**Organisation for Economic Co-operation and Development**  
*In co-operation with the World Bank Group*

# **SECOND SOUTH-EASTERN EUROPE CORPORATE GOVERNANCE ROUNDTABLE**

**“Transparency and Disclosure”**

*Meeting Hosted By*  
**The OECD Centre for Private Sector Development**  
*and*  
**The Turkish International Co-operation Agency (TICA)**

*Sponsored By*  
**Deutsche Gesellschaft Für Technische Zusammenarbeit (GTZ)**  
*and*  
**The Global Corporate Governance Forum**

**FINAL AGENDA**

**Istanbul,**  
**30-31 May 2002**  
**Yali Kosku Cad., 19 Mayıs**  
**Ishani 3. Kat, Eminonu**  
(the Roundtable will be in English)

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*30-31 May 2002, Istanbul*  
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**ABOUT THE SOUTH-EASTERN EUROPE CORPORATE GOVERNANCE ROUNDTABLE**

**Background**

Corporate governance practices have become an essential prerequisite for the ability to attract and retain the financial resources necessary for restructuring, long-term investment and sustainable growth. Using the OECD principles of corporate governance, the OECD and the World Bank have agreed to co-operate in efforts to improve corporate governance in emerging and transition economies. One important outcome of this agreement has been the organisation of Regional Corporate Governance Roundtables. To this effect, regional roundtables have already been launched in Latin America, Asia, Eurasia and Russia and the South-Eastern Europe Corporate Governance Roundtable was launched in 2001. This Roundtable is a Flagship Regional Program of the Investment Compact, carried out under Working Table II of the Stability Pact for South Eastern Europe, and is financed by the Deutsche Gesellschaft Für Technische Zusammenarbeit (GTZ).

**The Purpose of the South-Eastern Europe Corporate Governance Roundtable**

The South-Eastern Europe Corporate Governance Roundtable aims at:

- (i) improving the understanding of present corporate governance practices in the SEE region;
- (ii) monitoring and evaluating corporate governance developments in the region;
- (iii) informing the international community about progressive 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 markets participants from the region, as well as international experts from OECD member countries and international organisations. Building on this ongoing policy dialogue, key areas for improvements in the corporate governance practices will be identified and a White Paper will be drafted by a core group of participants. This White Paper will propose a set of practical recommendations and should serve as a means for setting priorities and implementing reform at national or corporate level.

The first meeting of the South-Eastern Europe Corporate Governance Roundtable took place in September 2001 in Bucharest. It was co-hosted by the Bucharest Stock Exchange and the Romanian National Securities Commission. This meeting focused on shareholders rights and equitable treatment and discussions amongst Roundtable participants revealed a broad consensus on the following points:

- SEE countries have a common background and experience the same difficulties in corporate governance.
- All suffer from weak enforcement.
- Improving corporate governance practices will help to develop regional equity markets.

**The Second South-Eastern Europe Corporate Governance Roundtable**

The Second South-Eastern Europe Corporate Governance Roundtable will focus on one chapter of the OECD Principles of Corporate Governance, endorsed by the OECD Council in 1999, namely Transparency and Disclosure. The main objectives of this meeting will be:

- To explore the role of disclosure and transparency in contributing to the improvement of the investment climate.
- To consider the main impediments to better disclosure practices in the South-Eastern Europe region and contribute to a better understanding of international disclosure standards.
- To identify main areas for improvement in the regulatory domain and in private practice.

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**Day 1: 30 May 2002**

**8:30 – 9:00**      **Registration**

**9:00 – 9:30**      **Opening Session**

- Welcoming remarks  
*Rainer Geiger, Deputy Director, Directorate for Financial, Fiscal and Enterprise Affairs, OECD*
- Welcoming remarks  
*Dr. Nihat Kaya, Vice President of the Turkish International Co-operation Agency*
- Opening remarks  
*Miarta Capaul, Senior Specialist, Private Sector Advisory Services, World Bank*
- Opening remarks  
*Tihomir Domazet, Assistant Minister of Finance, Croatia*

**9:30 – 11:00**      **Session 1: Disclosure and transparency: what is at stake?**

Chairman: Rainer Geiger, Deputy Director, Directorate for Financial, Fiscal and Enterprise Affairs, OECD

Presentations:

- The role of transparency in a market economy  
*Louis Lowenstein, Professor, University of Columbia*
- EC perspectives and activities on disclosure and transparency  
*Erik Van Der Plaats, Administrator, Financial Reporting and Company Law Unit, European Commission*

Discussants:

- Aurelian Dochia, Managing Director of BRD / Soci t  G n rale Corporate Finance, Romania
- Edib Basic, President of the Securities Commission of Bosnia and Herzegovina
- Milko Stimac, CEO of the G17 Institute and Member of the Stock Exchange Commission, FR of Yugoslavia

Issues to be discussed:

This session will consider transparency and disclosure from the market perspective. It will first show the relationship between the provision of timely and accurate information by companies and the development of credible and efficient capital markets and, more generally, the development of a market economy. The session will explain why investors need an adequate level of transparency and disclosure, and what are their main requisites in this regard.

**11:00 – 11:30**      **Coffee Break**

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**11:30 – 13:00     Session 2: Implementation of international auditing and accounting standards**

Chairman: Tihomir Domazet, Vice-Minister of Finance, Croatia

Presentation:

- International standards implementation programs in SEE  
*Svetlana Ichizli, SEEPAD Representative*
- Conflicts of interests in the accounting and auditing environment  
*John Rieger, Principal Administrator, Corporate Affairs Division, OECD*

Discussants:

- Romeo Mitri, Deputy President, Albanian Institute of Authorised Chartered Accountants (IEKA)
- Senad Pekmez, Senior Accounting Consultant, USAID/IBTCI - Private Sector Accounting Reform Project, Bosnia-Herzegovina

Issues to be discussed:

This session will examine the present accounting and auditing standards in the SEE region and how these standards are implemented. It will identify the main gaps in existing standards and their implementation. The session will discuss the process of implementing international accounting and auditing standards and examine the main challenges in this process, specifically regarding conflicts of interests between different private and public bodies.

**13:00 – 14:30     Lunch break and Press Conference**

**14:30 – 16:00     Session 3: Current trends in financial disclosure practices**

Chairman: John Hegarty, Regional Financial Management Advisor, Europe and Central Asia Region, World Bank

Presentation:

- Main issues in financial disclosure in SEE  
*David Trow, Partner, PWC Bucharest*

Discussants:

- Bob Webster, Regional Director of the Small Enterprise Assistance Fund (SEAF)
- Tatiana Krylova, Section Head, Enterprise Internationalization, UNCTAD
- John Rieger, Principal Administrator, Corporate Affairs Division, OECD

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Issues to be discussed:

This session will assess the present quality of financial disclosure by companies in SEE and identify the main improvements needed in this area. It will focus on four major issues in financial disclosure that are highly relevant to corporate governance, namely the disclosure of related parties transactions, consolidation, undisclosed liabilities and asset valuation. With regards disclosure on related parties transactions, the session will highlight the importance of such disclosure in the SEE region and the necessary measures to take in order to significantly improve practice in this area. The session will also examine recent changes in practices regarding financial disclosure and the main driving factors behind these changes. It will identify the remaining obstacles to overcome in order to improve the quality of financial reporting and how companies need effective internal organisation to ensure an adequate level of financial reporting.

**16:00 – 16:30**     **Coffee Break**

**16:30 – 18:30**     **Session 4: Non financial disclosure**

Chairman: Lindsay Forbes, Director Equity Support, EBRD

Presentations:

- The IOSCO Non-Financial Disclosure Standards for Cross Border Listings and Offerings  
*Robert Strahota, Assistant Director, US SEC*

Discussants:

- Plamen Tchipev, Professor, Institute of Economics, Bulgaria
- Ivan Steriev, Director of the MSE Trading Department and Board Member of the Macedonian Securities Depository
- Vladimir Puskaric, Assistant Director, Agency for Supervision of Pension Funds and Insurances, Croatia

Issues to be discussed:

This session will explore the quality of disclosure of non-financial information and the importance of such information for the investors and the market at large. It will evaluate to what degree the existing channels provide users with timely, accurate and relevant information. This session will also identify the main obstacles to the disclosure of such information in the SEE region and what steps should be taken to encourage and facilitate such disclosure by companies.

In particular, the session will consider to what extent and through which channels information on ownership structure and voting rights is provided to shareholders and the market. It will also consider whether information on board members and key executives is provided, especially with regards to remuneration. Finally, disclosure of information on further areas such as companies' environmental, ethical or stakeholder policies will also be considered.

**Visit and Cocktail at the Istanbul Stock Exchange**

**Day 2: 31 May 2002**

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**9:00 – 11:00      Session 5: The role of the board, managers and external auditors**

Chairman: Louis Lowenstein, Professor, University of Columbia

Presentations:

- The role of independent external auditors  
*John Hegarty, Regional Financial Management Advisor, Europe and Central Asia Region, World Bank*

Discussants:

- Osman Dincbas, Managing Partner, Ernst & Young, Istanbul
- Jella Benner-Heinacher, Managing director of DSW (Germany shareholders' Association)
- Angela Ionita, Board Member, Terapia SA; Vice President, East Fund Managers, Romania
- Nevenka Cerovsky, Board Member, Prodavka, Croatia

Issues to be discussed:

This session will identify those presently responsible for overseeing disclosure within companies and whether they are appropriately placed to do so. In particular, the sharing of responsibilities between top executives and the board will be considered and the way in which the boards could be progressively empowered with this responsibility will be assessed. The channels used to disseminate information in a timely and cost-efficient manner will be discussed and the relationship between the board and external auditors will also be considered.

This session will then evaluate the present role of auditors in monitoring disclosure by companies in the following way: (i) examine how auditors are nominated, (ii) the extent to which they are truly independent, and (iii) how the audit profession is regulated.

**11:00 – 11:30      Coffee break**

**11:30 – 13:00      Session 6: Monitoring and enforcing disclosure**

Chairman: Mr. Harilaos V. Mertzanis, Director, Department of Research, Monitoring of Capital Markets and International Relations, Hellenic Capital Market Commission

Presentation:

- The respective roles and powers of stock exchanges and securities commissions in enforcing good disclosure  
*Aril Seren, Vice-Chairman of the Istanbul Stock Exchange*

Discussants:

- Sergio Oprescu, President of the Bucharest Stock Exchange
- Andrei Galogaza, Legal Advisor, Zagreb Stock Exchange
- Ralitsa Againe, Capital Market Commission of the Bulgarian National Assembly

Issues to be discussed:

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This session will explore the respective roles of the public and private sectors in enforcing disclosure standards. More specifically, it will consider the role of the stock-exchanges, the securities commissions and other self-regulatory bodies in improving disclosure of financial and non-financial information. The session will evaluate the regulatory tools that can be used to enforce disclosure and particularly focus on the power of securities commissions and their dual role of guidance and sanction regarding disclosure.

**13:00 – 14:30**     **Lunch Break**

**14:30 – 17:00**     **Session 7: White Paper discussion: Shareholders rights and equitable treatment**

Chairman: Mats Isaksson, Acting Head, Corporate Affairs Division, OECD

**First Part: Discussion on the two chapters on Shareholders Rights and Equitable Treatment**

Presentation:

- Presentation of the draft chapter of the WP on Shareholders Rights and Equitable Treatment  
*Mathilde Mesnard, Administrator, Corporate Affairs Division, OECD*

General Discussion

Short Coffee break

**Second Part: Discussion on main priorities and recommendations on transparency and disclosure**

**17:00 – 17:30**     **Concluding session and next steps**

Chairman: Mats Isaksson, Acting Head, Corporate Affairs Division, OECD

- Presentation of the Global Corporate Governance Forum  
*Marie-Laurence Guy, Project Officer, Global Corporate Governance Forum*
- Issues for further discussion:
  - Priorities of future work: focus of the next South Eastern Europe Corporate Governance Roundtable
  - Location and co-host for the next South Eastern Europe Corporate Governance Roundtable
  - White Paper drafting process
- Concluding Remarks: Mats Isaksson, Acting Head, Corporate Affairs Division, OECD

**End of the meeting**

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**Notes to the Agenda**

**General Structure of the Sessions**

- Each session will be organised in the following way:
  - Brief opening presentation and introduction of the participants (main speakers and discussants) by the Chairman: 5 minutes maximum
  - Main presentation: about 15 minutes
  - Discussion: each discussant is invited to limit his/her initial comments/presentation to 5-10 minutes.
  - Questions from the floor and general discussion: 30 minutes
  - Chairs will summarise the discussion and highlight the main conclusions arrived at during the session.
  
- These time limits are required in order to give enough and ample time for general discussion. Indeed, one of the objectives of the Roundtable is to create an open and active dialogue in a collegial atmosphere. In order to achieve such a goal :
  - All participants are encouraged to speak and ask questions during the periods allotted to general discussions,
  - Panel discussants are also encouraged to participate in the general discussion, take questions and expand on their initial comments,
  - Chairs are kindly requested to make sure that speakers and discussants to the session do respect the agreed time limits and to lead the general discussion.