



# The 2008 Asian Roundtable on Corporate Governance

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**Session 7  
Implementing the OECD Principles of Corporate  
Governance: New OECD Work**

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*The views expressed in this paper are those of the author and do not necessarily represent the opinions of the  
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# Following the 2004 Principles, the OECD has been monitoring implementation and the emerging issues. How?

- Through the work of the Steering Group: hedge funds, private equity, one share one vote, acting in concert, regulatory impact assessment, bank cg
- Asian roundtable: related party transactions, enforcement, problems at SOEs, bank cg
- Latin American roundtable: rights of institutional investors, acting in concert or cooperation
- Russian Roundtable: SOE governance, RPT, enforcement
- Africa: SOE governance
- The Methodology

# Classes of issues of current and future concern: guidance from the Principles

- Activist investors
- Private equity, especially public to private transactions
- SOE in the world economy
- Sovereign Wealth funds
- Bank corporate governance: what role in the current crisis
- Regulatory competition: Some regulations might also be inefficient – RIA

# Activism: the issues and the Principles

- What shareholder rights are we really prepared to allow in practice?
- Are the rules of the game clear and enforced
- Potential for market abuse
- Does the voting and proxy system work
- Long term versus short term: is it really an issue
- What should be known about the activist and when: intention and size of shareholding declarations
- What are the rules covering cooperation: when is it acting in concert

# Issues with private equity, esp public to private

- Are takeover arrangements efficient, especially when there are insiders
- Insider trading laws need to be effective as information often leaks
- What are the arrangements for recapitalisations
- Does the tax system produce perverse incentives especially with regard to short term/long term decisions.
- Are creditor protection systems adequate

# Issues with SOE: similar to private equity

- Is their identity known together with their corporate governance arrangements?
- Are review procedures appropriate (national interest issues)
- Is their source of funding an issue – level playing field and the Guidelines
- Intentions – are they economic or strategic in the national sense. Should they be declared in takeovers, investments etc

# Issues with SWF

- Do regulators have powers vis-à-vis sovereign entities
- What are the procedures for notifying large holdings – are they too high or too low.
- Do procedures cover notice of intentions
- Should they be treated as any other investor if above apply.

# Efficient and effective regulation

- Competition between jurisdictions: the issue of regulatory competition
- Determining a sound basis for regulation: market failure analysis
- Making regulation cost effective-- regulatory impact assessment: Experience from different countries
- Handbook with examples under preparation
- Basis in the Principles. Principle I.A

# Thank you

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