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Session 1: Recent Developments and Future Reforms

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The corporate governance in the Republic of Moldova represents a legacy of mass privatization program of 1990-es. The mass privatization was followed by a movement of consolidation and struggle for the control over the companies. As a result of such a movement, the decision power has passed to a variety of owners, including non-mutual unspecialized investment funds. Some of powerful investment funds actively supervise as owners, the joint stock companies. Actually, according to the recent amendments of the legislation, all investment funds are in the process of reorganization or liquidation.

In the Republic of Moldova there are 3700 joint stock companies (JSC), from which 1200 are open JSC. About 950 JSC are inscribed at the Stock Exchange. 24 JSC corresponds to some stabilized conditions and are listed.

The Law on Joint Stock Companies, adopted on 1997, provides the rules regarding the corporate governance, and the Law on securities market, adopted on 1998, stabilizes the main rules for the functioning of the securities market.

The legal framework provides the rights of the holders of common shares: the vote right, the right to receive dividends, the right to sell out the shares, the right for the access to the information regarding the activity and financial indicators of JSC. Thereby, the holders of common shares have explicative juridical rights for the participation to the general shareholders meetings. The general shareholders meetings have the quorum if more than 50% of shareholders are present.

The holders of more than 5% of company voting shares has the right to propose candidatures to the company board and the company auditing commission. The members of the board of the company, witch has more than 50 shareholders, are elected through cumulative vote.

The dividends are the part of the company profit, which assures the shareholders investments. The decision concerning the payment of the annual dividends is adopted at the board proposal, at the annual shareholders meeting with 2/3 of represented votes. Company board may take the decision concerning the payment of the intermediary dividends.

The shareholders have the right to participate and to be informed about the fundamental corporative changes, such as: amendments to the company constitutive documents, the authorizations of supplementary shares issuing, large-scale transactions, etc. Thus, the general shareholders meeting have the exclusive attribution regarding the modification of the statutory capital with not less than $\frac{3}{4}$ of the present votes.

The Law on Joint Stock Companies, the Government Regulation concerning the preparation and the holding of the general shareholders meetings of the open joint stock companies and the company Charter provides the rules on preparation and holding the general shareholders meeting.

The transparency plays a key role for the open JSC, because in these companies the shareholders are kept at the distance from the daily company activities, and this fact may generate a conflict of interests regarding the corporate governance. The legislation provides that the public (open) issuers shall make essential disclosure to National Securities Commission, to shareholders an to the large public, including the information about company financial condition, the property structure, the structure of management bodies of the company, the information concerning the events and the actions which affects the financial activity of the company.

It is necessary to mention the role of the insiders in corporate governance of the company.

The persons, who have the access to the company confidential information, have the right to alienate or to purchase company securities only through tender offer. This request has the main intention to exclude the manipulations in the securities transactions and the protection of minority shareholders interests.

To protect the investor's legal rights and interests, National Securities Commission, regulates the securities issuing, oversees the companies' disclosure, the securities transactions of the insiders, oversees the activity of the securities market participants.

All the actions of the National Securities Commission are directed to the obtaining of the quality level of corporate governance. In the present, foreign experts together with the National Commission specialists and the market participants, in the frame of the Technical assistance program, financed by FIRST, prepares a draft of Corporate Governance Code.

The Corporate Governance Code will contribute to the local and foreign investments attraction for the companies that will adopt it, will maintain the credit in investments in the company, and will encourage the income rising.