

AGENDA



2019 OECD-ASIAN ROUNDTABLE ON CORPORATE GOVERNANCE

27 - 28 November 2019

Trident Hotel, Bandra-Kurla
Mumbai, India

With support from:



Financial Services Agency

Hosted by:



The OECD-Asian Roundtable on Corporate Governance

The Asian Roundtable provides an increasingly valuable forum for policy dialogue that enhances economic efficiency, sustainable growth and financial stability by improving corporate governance frameworks in the region.

The Roundtable is supported by analytical work and comparative research into Corporate Governance issues facing Asian Roundtable members. The policy discussion also benefits from the experience of the OECD Corporate Governance Committee, which aims to help raise corporate governance standards worldwide in line with the G20/OECD Principles of Corporate Governance. The approach is inclusive and promotes ownership by decision-makers in the region, including guidance on the outputs produced.

Topics to be addressed at the 2019 Roundtable include:

- Release of the 2019 OECD Equity Market Review of Asia
- Recent Corporate Governance Developments in India
- Board Duties and Responsibilities in Governing Company Groups
- Evolving Ownership Patterns and Implications for Policymakers
- Presentation of Corporate Bond Market Development and Bondholder Rights
- Differential Voting Rights: How to Make it Work?
- Update on Corporate Governance Developments in Southeast Asia

Guidance for moderators, introductory speakers, panellists and participants

Moderators are invited to provide a brief introduction outlining the key issues for discussion in their session, maintain the focus on the session theme, manage time strictly and encourage open discussion among participants to draw out relevant country experiences and conclude with agreed points.

Introductory presenters are invited to present the key findings from their background reports in less than 10 minutes, leaving ample time for the active discussion that follows.

Panellists will be invited by the moderator of each session to make a 5-minute introduction to outline their key messages. The moderator will then kick off the discussion with questions. There will be no presentations, so that we can facilitate an interactive discussion. The sessions will be organised as engaging debates.

Roundtable participants are invited to react, express their views and discuss the topics raised by speakers that are related to the issues provided in the agenda. They are encouraged to actively and openly participate in discussions by sharing their country's experience.

Acknowledgement

Since its establishment in 1999, the OECD-Asian Roundtable on Corporate Governance (ARCG) has been organised with the support of the Government of Japan. The Government of Japan also provides financial support to the OECD's country specific work in Asia.

OECD Publications

OECD (2019), OECD Equity Market Review of Asia, OECD Capital Market Series, Paris, <http://www.oecd.org/corporate/oecd-equity-market-review-asia.htm>

De La Cruz, A., A. Medina and Y. Tang (2019), "Owners of the World's Listed Companies", OECD Capital Market Series, Paris, www.oecd.org/corporate/Owners-of-the-Worlds-Listed-Companies.htm

Çelik, S., G. Demirtaş and M. Isaksson (2019), "Corporate Bond Markets in a Time of Unconventional Monetary Policy", OECD Capital Market Series, Paris, www.oecd.org/corporate/Corporate-Bond-Markets-in-a-Time-of-Unconventional-Monetary-Policy.htm

AGENDA

DAY ONE: 27 November 2019

9:00-9:30 Registration

| 9:30 – 10:00 | Inaugural Address |
|--------------|--|
| | <p>Shri Ajay Tyagi, Chairman, Securities and Exchange Board of India (SEBI), India</p> <p>Akihiko Yoshida, Deputy Commissioner for International Affairs, Financial Services Agency, Japan</p> <p>Carmine Di Noia, Commissioner, CONSOB and Vice Chair, OECD Corporate Governance Committee, Italy</p> |

| 10:00 – 11:15 | Session 1: 2019 OECD Equity Market Review of Asia, Global Integration of Asian Stock Markets |
|-----------------|---|
| Presentation | Mats Isaksson, Head, Corporate Governance and Corporate Finance Division, OECD |
| Lead discussant | John Plender, Financial Times |
| Discussants | <p>Akihiko Yoshida, Deputy Commissioner for International Affairs, Financial Services Agency, Japan</p> <p>Ashish Gupta, Managing Director, Global Markets Research, Credit Suisse</p> |
| Background | <p>In 2018, Asian non-financial companies raised USD 90 billion through initial public offerings (IPOs), the highest value since 2010. The strong IPO activity in 2018 reinforced Asian companies' status as the largest users of public equity markets globally as the share of Asian non-financial company IPOs in global IPOs increased to 51%. Today, many stock exchanges in Asia are the world's fastest growing trading venues for listed stocks and several domestic investment banks in the region have started to establish themselves as global actors. At the same time, household savings in other parts of the world in the form of pension funds, insurance companies and other collective investment vehicles have increased their investments in Asian companies and markets.</p> <p>The OECD Equity Market Review of Asia covers the main equity market developments in 17 Asian economies. Session discussions will provide policy makers, regulators, corporations and other market participants with a comprehensive and comparable picture of the use and functioning of public equity markets in Asia and inform policy discussions on how capital markets can serve their role to channel financial resources from households to productive investments in the real economy.</p> <p>This session will see the launch of the <i>OECD Equity Market Review of Asia 2019</i>, and discuss the implications of the Review findings in the 17 Asian Roundtable member jurisdictions.</p> <p>Open discussion</p> |

11:15-11:45 Coffee/tea break

| 11:45 – 13:00 Session 2: Recent Corporate Governance Developments in India | |
|---|---|
| Moderator | Rama Bijapurkar, Independent Management Consultant |
| Presentation | Pradeep Ramakrishnan, General Manager, Securities and Exchange Board of India (SEBI), India |
| Panel discussion | Cyril Shroff, Managing Partner, Cyril Amarchand Mangaldas J N Gupta, Managing Director, Stakeholders Empowerment Services (SES) Shailesh Haribhakti, Chairman, Shailesh Haribhakti & Associates Ashishkumar Chauhan, Managing Director and CEO, Bombay Stock Exchange (BSE) |
| Background | <p>In June 2017, SEBI formed a committee on corporate governance under the Chairmanship of Mr. Uday Kotak with a view to enhance the standards of corporate governance of listed entities in India. The committee consisted of officials from the government, industry, professional bodies, stock exchanges, academics, lawyers, proxy advisors. Since then, India's corporate framework has undergone a number of important reforms.</p> <p>These reforms are coupled with a changing capital market environment, which includes increasing prominence of institutional investors, large domestic proxy advisory firms and dwindling participation of independent directors.</p> <p>This session will discuss the recent corporate governance developments in India, within the context of broader reforms in the region.</p> <p>Open discussion</p> |

13:00 – 14:30 *Lunch*

| 14:30 – 15:45 Session 3: Board Duties and Responsibilities in Governing Company Groups | |
|---|---|
| Moderator | Carmine Di Noia, Commissioner, CONSOB and Vice Chair, OECD Corporate Governance Committee, Italy |
| Presentation | Mike Lubrano, Senior Advisor, Nestor Advisors |
| Panel discussion | <p>Myeong Hyeon Cho, Former president, Korea Corporate Governance Service and Professor, Corporate Strategy, Korea University, and ICGN board member</p> <p>G Mahalingam, Whole Time Board Member, Securities and Exchange Board of India (SEBI), India</p> <p>Ronnie Talmore, Ministry of Justice, OECD Corporate Governance Committee bureau member, Israel</p> |
| Background | <p>When a company is part of a group, it influences the responsibilities and functioning of the board of directors. It can also impact the governance structure of the subsidiary companies, and may also create challenges relating to conflicts between majority and minority shareholders, corporate accounts, liability issues, the financing of the companies, and special challenges for regulators. The board of directors are vital in resolving many of these issues.</p> <p>The governance of groups should take into account the legal framework that each group company is subject to. The extent to which national company law regulates groups of companies differs substantially.</p> <p>This session will discuss, in line with the G20/OECD Principles of Corporate Governance and the OECD Corporate Governance Committee's 2019 Peer Review, board duties and responsibilities in company groups, the management and protection of minority shareholders in each company comprising the group, disclosure of Related Party Transactions (RPTs) and protection of shareholders in subsidiaries.</p> <p>Open discussion</p> |

15:45-16:15

Coffee/tea break

16:15 – 17:30 Session 4: Evolving Ownership Patterns and Implications for Policymakers

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| Moderator | Rolf Skog, OECD Corporate Governance Committee Representative, Sweden |
| Presentations | <p>Alejandra Medina, Economist, Corporate Governance and Corporate Finance Division, OECD</p> <p>Kenta Fukami, Senior Policy Analyst, Corporate Governance and Corporate Finance Division, OECD</p> |
| Panel Discussion | <p>Jamie Allen, Secretary General, Asian Corporate Governance Association (ACGA)</p> <p>Priya Subbaraman, Chief Regulatory Officer, National Stock Exchange (NSE), India</p> <p>Frederic DyBuncio, President and CEO, SM Investments Corporation</p> |
| Background | <p>At the end of 2017, there were approximately 41 000 listed companies in the world. Their combined market value was about USD 84 trillion, which is equivalent to the global GDP. Who owns these companies and how they perform their role as shareholders is therefore of economy-wide importance. It will affect not only the amount of risk capital that is made available to independent entrepreneurs who can challenge the status quo by developing new technologies and products. It will also affect how the performance of existing corporations is scrutinised and how decisions about their future direction are made.</p> <p>Today, four main categories of investors dominate the ownership of publicly listed companies. These are institutional investors, public sector owners, private corporations and strategic individual investors. The largest category is institutional investors holding 41% of the global market capitalisation. These are mainly profit-maximising intermediaries that invest on behalf of their ultimate beneficiaries. The most important ones are mutual funds, pension funds and insurance companies. Importantly, in almost all Asian jurisdictions non-domestic institutional investors hold a larger share of the public equity market than domestic institutional investors.</p> <p>The second largest category of owner is the public sector, which holds 14% of the global market capitalisation at a total value of USD 10 trillion. Central and local governments are the largest public sector owners accounting for 56% of public sector ownership in listed companies, followed by sovereign wealth funds (SWFs), public pension funds and state-owned enterprises (SOEs). The two other main categories of owners worldwide are private corporations, including holding companies, and strategic individuals, including family members. Together, these two categories of owners hold 18% of the world's market capitalisation. When it comes to India, the ownership of listed companies is characterized by promoters and non-promoters.</p> <p>This session will discuss the evolving ownership patterns, related implications, and how understanding these can help policymakers make informed decisions on corporate governance policies and regulations. India's ownership landscape will also be discussed.</p> <p>Open discussion</p> |

19:00

Dinner/ Cocktail

DAY TWO: 28 November 2019

| 9:30 – 10:00 | OECD Presentation of Developments in the Corporate Bond Market and Bondholder Rights |
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| Presentation | <p>Serdar Celik, Senior Economist, Corporate Governance and Corporate Finance Division, OECD</p> <p>Corporate bonds have become a rapidly growing source of finance for non-financial companies worldwide. As a result, global outstanding debt in the form of corporate bonds issued by non-financial companies reached almost USD 13 trillion at the end of 2018. This is twice the amount in real terms that was outstanding in 2008. The presentation will provide key findings of the OECD's recent work on long-term trends with respect to corporate bond characteristics, including governance provisions, rating quality and the categories of bondholders.</p> |

| 10:00 – 11:15 | Session 5: Differential Voting Rights: How can it Work? |
|------------------|---|
| Moderator | Mary Leung, Head, Standards and Advocacy, CFA Asia Pacific |
| Panel Discussion | <p>Amarjeet Singh, Executive Director, Securities and Exchange Board of India (SEBI), India</p> <p>Rolf Skog, OECD Corporate Governance Committee Representative, Sweden</p> <p>Catrina Marshall, Economist, Corporate Governance and Corporate Finance Division, OECD</p> |
| Background | <p>The prominence and discussion on dual-class share structures has been revived with a wave of exchanges allowing the option. In Asia, Japan (TSE) has allowed the listing of dual-class shares since 2008 as part of a number of amendments made to the Japan Companies Act. Hong Kong, China (HKEX) and Singapore (SGX) followed in 2018 with amended listing rules to allow for dual-class shares, and the People's Republic of China announced that listings with dual-class shares would be available through the Stock Connect from July 2019. Similarly, SEBI has also recently approved a framework for the issue of dual-class share structures.</p> <p>The geographical composition and characteristics of companies opting for dual-class share structures raises a number of questions relating to financing trends, shareholders rights, and value creation. To ensure that when in place, dual-class share structures work as intended and that stakeholders can make informed decisions, a number of regulatory conditions and safeguards need to be in place.</p> <p>This session will discuss what conditions are needed for dual-class share structures to work and the broader trends encompassing this trend. The session will provide a platform for participants to share experiences in line with good practices, and hear from countries who have recently made reforms.</p> <p>Open discussion</p> |

11:15-11:45 *Coffee/tea break*

| 11:45 – 13:00 | Session 6: Update on Corporate Governance Developments in Southeast Asia |
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| <p>Moderator</p> <p>Presentation</p> <p>Panel discussion</p> <p>Background</p> | <p>Julia Tay, Partner, Asia-Pacific Public Policy Leader, Ernst and Young (EY)</p> <p>Fianna Jurdant, Manager, OECD-Asian Roundtable on Corporate Governance, OECD</p> <p>Tin May Oo, Commission Member, Securities and Exchange Commission of Myanmar (SECM), Myanmar</p> <p>Le Thi Thu Hang, Deputy Director-General of the Department of Public Company Supervision, State Securities Commission (SSC), Viet Nam</p> <p>Alex Ooi Thiam Poh, Executive Officer, Audit Oversight Board, Securities Commission Malaysia</p> <p>Erry Riyana Hardjapamekas, Board of Trustees, Indonesian Institute of Corporate Directors</p> <p>Good corporate governance is not an end in itself. Rather, it is a means to create an environment of market confidence and business integrity that supports capital market development and corporate access to equity capital for long-term productive investments. Therefore, the quality of a country's corporate governance framework is of decisive importance for the dynamics and the competitiveness of its business sector. As capital markets and corporations continue to evolve and new challenges arise, it is important for policy makers and regulators to stay abreast of how policies and practices can be adapted to remain effective under new circumstances.</p> <p>Every country has its own unique history, culture, legal and regulatory traditions, trajectory of economic development, all of which influences the design of corporate governance frameworks. This is particularly the case when it comes to the development of accounting and auditing standards, independence of auditors and regulatory oversight.</p> <p>This session will provide an opportunity to be updated on recent achievements, challenges and future priorities in Indonesia, Malaysia, Myanmar and Viet Nam.</p> <p>Open discussion</p> |
| 13:00 – 13:30 | Closing Remarks |
| | <p>Fianna Jurdant, Manager, OECD-Asian Roundtable on Corporate Governance, Corporate Governance and Corporate Finance Division, OECD</p> <p>Barnali Mukherjee, Chief General Manager, Securities and Exchange Board of India (SEBI), India</p> <p>Phan Hoai An, Deputy Director-General, International Cooperation Department, State Securities Commission (SSC), Viet Nam</p> |

13:30 – 15:00 *Lunch*

■ Date and venue

27 - 28 November 2019

Trident Hotel, Bandra-Kurla

*C 56, G Block, Bandra Kurla Complex,
Mumbai, Maharashtra 400098, India*

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