

LAUNCH OF TWO OECD REPORTS:

The Future of Corporate Governance in Capital Markets Following the
COVID-19 Crisis

OECD Corporate Governance Factbook 2021

Concluding remarks

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Minister Franco and Secretary-General Cormann,
on behalf of the OECD Corporate Governance Committee, chaired by Masato Kanda, thank you for launching today the two important OECD reports.

They fit perfectly into the review of the G20/OECD Principles of Corporate Governance and are the result of the continuous work of the OECD CG Committee.

The OECD Principles were endorsed by G20 Leaders in 2015.

As we heard from Secretary General Cormann, both advanced and emerging economies – including countries such as the United States, Japan, Italy, UK, China, India, and Indonesia – agreed for the very first time, at the highest level, on a common set of principles in order to build an effective corporate governance framework.

Following the COVID-19 crisis, it is clear that many aspects of our economies and of the functioning of capital markets are changing, which makes this the right moment for the upcoming review of the Principles.

This is exactly why the OECD CG Committee has developed these two important reports.

“The Future of Corporate Governance in Capital Markets Following the COVID-19 Crisis” *provides an evidence-based overview of developments in capital markets globally. It shows how important capital markets will be on the road to recovery from the COVID-19 crisis, by supporting the recapitalisation of the corporate sector, in particular in Europe.*

The report formulates important policy recommendations on areas such as access to capital markets, especially by SMEs and growth companies, ESG risk-management, concentrated ownership, insolvency, digitalisation, and creditor rights. They will guide the review of the G20/OECD Principles.

Let me raise your attention briefly on three of them.

Stock markets have always been playing a key role in providing companies with equity capital and, in this way, the financial resilience to overcome temporary downturns.

But, since 2005, around 30.000 companies have been delisting from stock markets globally, notably in the United States and Europe. These delistings have not been matched completely by new listings, which has resulted in a considerable net loss of publicly listed companies (which are around 40.000 worldwide today), especially in Europe and US.

This trend has particularly affected smaller company IPOs, resulting in a larger portion of growth companies, shying away from immediate access to public equity financing.

*The report shows that, **first**, it should be an overarching policy objective to facilitate access to public equity markets for sound businesses and to address structural weaknesses in the stock market ecosystem, like the cost of listings, ensuring that there are no unnecessary regulatory barriers or supervisory uncertainties. Otherwise, companies may be discouraged from going or staying public.*

***Second**, from the perspective of inclusiveness and financial democracy, a well-functioning public equity market should also provide ordinary households with the opportunity to directly or indirectly share in the return on capital, giving them additional options for managing savings and planning for retirement.*

***Third**, to balance the current focus on large listed companies by institutional investors, the report highlights that it is important to improve the visibility and attractiveness of smaller growth companies, (for example through dedicated analyst coverage programmes and specialised incubator platforms to prepare growth companies for capital market financing).*

The other work published today is the OECD Corporate Governance Factbook. The Factbook provides a unique basis for understanding the reality of different jurisdictions, and how they adapt the recommendations of the G20/OECD Principles to their particular market conditions and legal systems. *It covers 50 jurisdictions: all OECD, G20 and Financial Stability Board members.* It will be an important reference for the review of the G20/OECD Principles.

As we have just heard from Minister Franco, the two reports broaden our toolkit to improve corporate governance and capital market framework and practices with a view to improving companies' access to finance, which is very relevant for the recovery phase.

I would encourage everyone to look at both reports and their summaries online at OECD.org.

I thank all the participants and wish you all a very good evening.