

Corporate Governance in Asia 10 Years from Now

Asian Roundtable on Corporate Governance

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- First decade preceded by Asian Financial Crisis
- Characterised by major global corporate failures
- Sarbanes Oxley Act
- Broad based efforts by Asian Economies to raise standards of corporate governance
- Second decade started in midst of global financial meltdown

- Significant steps taken by Asian Economies to improve CG
- Comprehensive regulatory framework and best practice codes in place
- Efforts have largely involved all stakeholders
- International agencies have played important role
- Enforcement and implementation however not always consistent

- Leading Asian Economies in CG rating, Singapore, Hong Kong, still lag developed countries
- Despite many examples of benefits of good governance and successful companies with best practices, buy-in can be improved

- Efficient and effective capital market requires balance between legislation and self-regulation
- Every financial crisis and corporate failure/scandal will usually result in allegations of failure in market regulation and calls for more regulation
- Next decade will see increased pressure on market participants to embrace higher standards of CG and best practices

- Boards and auditors likely to be put under microscope by regulators and investors
- Regulators have demonstrated willingness to act in absence of appropriate self-regulation

- Major challenges for boards and professional gatekeepers
- Increased focus on competence, commitment and performance of directors
- Greater participation by institutional shareholders and enhancement of minority shareholder rights
- Likely increase in regulations and enforcement
- Need for stronger buy-in and participation by private sector to ensure sustainable excellence in CG

- International agencies must continue to partner national bodies to champion high standards of CG
- Greater emphasis on implementation and peer sharing of benefits of CG
- Substance over form and performance over conformance

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Thank you

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