

Dear Colleagues,

The fall season at the OECD kicked off with a first meeting of MENA Corporate Governance Centers and IoDs, bringing together high-level representatives from the region to discuss country experiences and to launch joint initiatives. Two new reports on related party transactions and corporate governance enforcement were recently released, and we are planning the publication of a book of leading MENA SOEs for early 2015. Our research will be disseminated in upcoming events where we hope to see you.

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News from the region and beyond

Corporate governance standards revision. The OECD is currently in the process of revising its corporate governance standards following [a series of consultations](#) including stakeholders from the MENA region. Expect revised recommendations to be released in early 2015. The Basel Committee has also released for consultation a set of [revised guidelines on corporate governance at banks](#) in October. How will these changes affect standards in the region?

Capital markets in motion: MENA markets saw the second largest IPO this year (after Alibaba listing) of the state-owned National Commercial Bank in Saudi Arabia. The Saudi CMA has issued [draft rules for Qualified Institutional Investors](#) which will pave the way for entry of foreign investors. Zain announced it is still planning its listing in Iraq. The Palestine Exchange was added to the FTSE Frontier Market Watch List in September. Kuwait Bourse company was created a few months ago with a view to privatise the KSE. Will the dynamism of MENA markets be sustained into 2015?

From theory to practice: Enabling IoDs and corporate governance centers to promote governance in the MENA region, 22 September, OECD, Paris

The MENA region is home to a number of institutes of directors (IoDs) and Corporate Governance Centers (CGCs). The OECD convened a roundtable, which gathered over 50 senior representatives of IoDs and CGCs from the region and their international peers to establish formal co-operation and launch joint projects. Participants decided to establish a forum allowing for regular exchanges as well as to pursue specific projects. For example, a MENA Corporate Governance Factbook (based on an earlier [OECD Corporate Governance Factbook](#)) was agreed on as a first collaborative output, among others. Additional information is available on the [meeting website](#).

Upcoming events

6-7 November	Kuwait Center and Science Po conference . Paris, France. With OECD participation.
11 November	Hawkamah Annual Conference . Dubai, UAE. Organised in co-operation with the OECD.
11 November	COMSEC Capital Markets Regulators Forum . Istanbul, Turkey. Organised by Capital Markets Board of Turkey.
19-21 November	Meeting of the African and Middle East Depository Association . Manama, Bahrain.
20-21 November	Annual Arab Banking Conference . Beirut, Lebanon. Organised by the UAB.
25-26 November	Arab Capital Markets Conference . Dubai, UAE. Organised by the UASA. With OECD participation.
26-27 January	GCC Regulator's Forum . Abu Dhabi, UAE. With OECD participation.

Shareholder rights: Following the financial crisis, a number of initiatives focused on promoting shareholder rights. The Dodd Frank Act in the US aimed to promote proxy access and the European Commission's recent reform proposed a number of changes to boost shareholder rights. Yet the Delaware Supreme Court [recently ruled](#) that companies can adopt without shareholder approval by-laws requiring investors who file lawsuits to pay the company's legal fees if the suit is unsuccessful. In the MENA region, as highlighted by [our 2011 survey](#), shareholders generally have the standard protections but it is unclear if and how they are used. As MENA markets open up, will more shareholder activism follow?



Towards better governance of Tunisian state-owned enterprises (SOEs)

The Tunisian Corporate Governance Center (CTGE) held a Governance Forum on 16 October in Tunis. On the agenda this time was improving the governance of approximately 200 SOEs in Tunisia. The CTGE has developed a code for corporate governance of SOEs, a third in the MENA region (following Egypt and Morocco). The code is expected to be finalised later this year and is based on the OECD Guidelines. An ownership entity for SOEs is also being introduced. [Recent research](#) estimates that 10% of Tunisian SOEs are on the verge of bankruptcy and that as much as 220 companies associated with the previous regime were taking 21% of private sector profits.



What rights for bondholders in corporate governance?

Bond issuance in the region is on the rise and at a much faster pace than equity issuance. The OECD has recently launched a large research project which analysed over 100,000 bond issues from 108 countries and noted significant growth, from \$1.9 trillion in 2000 to \$3 trillion in 2013 globally, as the cost of bond financing has fallen to very low levels. Investors are taking on increasing risk though non-investment grade bonds, callable bonds and also as a result of a shift from floating to fixed rate bonds. In this context, protection of bondholder rights emerges as a priority and yet, our research shows that trustees have low incentives to actively protect bondholder rights and that traditional institutional investors, the main holders of corporate bonds, have a hands-off attitude. These and other issues related to bondholder protections, explored in a [forthcoming OECD report](#), are to be explored in a OECD-GBSA webcast. Date to be announced shortly.

Performance and governance of Saudi Arabian state-owned enterprises

We are pleased to report that a company case study of Ma'aden, the Saudi Arabian mining company, which will be featured in the book on leading MENA SOEs, is completed and will be presented at a workshop gathering key government entities and Saudi SOEs in Riyadh in February 2015. This will be a first roundtable in Saudi Arabia to examine mechanisms to improve the performance and governance of Saudi state controlled companies. The case study will be part of a regional publication on leading MENA SOEs.

Our work in the media

[Harvard Law School Forum on Corporate Governance on Corporate Governance Enforcement in the MENA region](#)

[Global Proxy Watch](#) on the MENA IOD CGCs Roundtable (subscriber access), September 12

[MEED on Kuwait Stock Exchange Reform](#) (subscriber access)

[Thompson Reuters on regulatory treatment of related party transactions](#)

Fresh off the press...

