REFORM PRIORITIES IN ASIA:

TAKING CORPORATE GOVERNANCE TO A HIGHER LEVEL

Print version 20 September 2011

First issued 10 June 2003
Revised draft 1 December 2010
Second draft 11 August 2011

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

OECD PUBLISHING, 2, rue André-Pascal, 75775 PARIS CEDEX 16
(21 2010 05 1 P) ISBN 978-92-64-04659-7 – No. 57791 2011

FOREWORD

Since 1999, the Asian Roundtable on Corporate Governance has brought together the most active and influential policy makers, practitioners and experts on corporate governance in the region, as well as from OECD countries and relevant international institutions. Participants exchange experiences and push forward the reform agenda on corporate governance while promoting awareness and use of the OECD Principles of Corporate Governance as well as the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

In addition to being a valuable venue for networking and knowledge-sharing, the Roundtable produces policy reports and guides. The most important document remains the Roundtable's *White Paper on Corporate Governance in Asia*, agreed by consensus in 2003. The White Paper was an ambitious undertaking for a region as diverse as Asia.

The 2003 White Paper on Corporate Governance in Asia was the basis of this Report. Since that time a great deal has changed in the Asian corporate governance landscape, in great measure due to the continued operation of the Asian Roundtable. Moreover, the OECD Principles were themselves revised in 2004 to take into account *inter alia*, the experience in Asia with concentrated ownership. The Asian Roundtable therefore decided that a review of the White Paper was warranted.

This new version of the White Paper reflects the discussions and conclusions of the Asian Roundtables in 2009 and 2010 as well as the deliberations of a Working Group in May 2010. The work was underpinned by a stock taking exercise of progress in the region since 2005 and by more detailed analysis and recommendations, such as the Guide on Fighting Abusive Related Party Transactions in Asia. Roundtable participants were invited to provide their comments on key issues at the 2010 Asian Roundtable annual meeting in Shanghai, China and to provide written comments afterwards . A second draft of this Report was circulated for further comments in the summer ahead of the final publication at the annual meeting of the Asian Roundtable, 3-4 October 2011 in Bali, Indonesia. The next phase of the Roundtable will focus on how to change behaviour to achieve better outcomes.

ACKNOWLEDGEMENTS

Special thanks go to the Asian Roundtable participants who have been actively engaged in discussions and provided extensive written comments on corporate governance reform priorities and recommendations for the region. Their experience and commitment is what makes this Report a major accomplishment. The OECD is grateful to the Japanese government for their long-standing support and partnership. Thank you also to the Asian Development Bank and the International Finance Corporation for their financial contribution. This Report was prepared by Fianna Muchnik Jesover, Senior Policy Analyst, OECD under the supervision of Grant Kirkpatrick, Deputy Head, Corporate Affairs Division, OECD.

TABLE OF CONTENTS

I. CORPORATE GOVERNANCE IN ASIA: THE CURRENT STATE OF PLAY AT THE TURN OF THE DECADE

The Asian Roundtable and this Report

Since 1999, the Asian Roundtable on Corporate Governance has brought together the most active and influential policy makers, practitioners and experts on corporate governance in the region, as well as from OECD countries and relevant international institutions. Participants exchange experiences and push forward the reform agenda on corporate governance while promoting awareness and use of the OECD Principles of Corporate Governance as well as the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

In addition to being a valuable venue for networking and knowledge-sharing, the Roundtable produces policy reports and guides. The most important document remains the Roundtable's *White Paper on Corporate Governance in Asia*, agreed by consensus in 2003. The White Paper was an ambitious undertaking for a region as diverse as Asia. It was a collective effort by Asian policymakers, regulators, and regional and international experts to agree on policy priorities and recommendations to improve corporate governance. Based on the OECD Principles of Corporate Governance, the White Paper adapted implementation aspects to the specific conditions of Asia. The White Paper assessed progress and remaining challenges, and formulated common policy objectives and a practical reform agenda.

Awareness of the OECD Principles of Corporate Governance is now high in the region. In fact, all Asian economies are using the OECD Principles of Corporate Governance and outputs of the Asian Roundtable as references in the development of their regulations, corporate governance codes, listing rules, scorecards, as well as academic work. Most importantly, Asian jurisdictions are committed to improving corporate governance across the region.

This commitment to excellence in corporate governance matters not only to Asia. The growing economic influence of the region and the important role played by China, India, and Indonesia in the G-20, the Financial Stability Board and the OECD Corporate Governance Committee give corporate governance developments in Asia global relevance.

The 2003 White Paper on Corporate Governance in Asia was the basis of this Report. Since that time a great deal has changed in the Asian corporate governance landscape, in great measure due to the continued operation of the Asian Roundtable. Moreover, the OECD Principles were themselves revised in 2004[1] to take into account, *inter alia*, the experience in Asia with concentrated ownership. The Asian Roundtable therefore decided that a review of the White Paper was warranted.

[1] The 2004 Principles added an additional chapter specifying principles for governments to follow in developing their regulatory frameworks, recognising the importance of supervisory, regulatory and enforcement authorities in ensuring effective implementation. Broad principles were developed covering implementation and enforcement, and mechanisms that should be established for parties to

This new version of the White Paper reflects the discussions and conclusions of the Asian Roundtables in 2009 and 2010 as well as the deliberations of a Working Group in May 2010. The work was underpinned by a stock-taking exercise of progress in the region since 2005[2] and by more detailed analysis and recommendations, such as the Guide on Fighting Abusive Related Party Transactions in Asia. Roundtable participants were invited to provide their comments on key issues at the 2010 Asian Roundtable annual meeting in Shanghai, China and to provide written comments afterwards. A second draft of this Report was circulated for further comments in the summer ahead of the final publication at the annual meeting of the Asian Roundtable, 3-4 October 2011 in Bali, Indonesia. The next phase of the Roundtable will focus on how to change behaviour to achieve better outcomes.

Looking to the future, Asian Roundtable participants agree that a more ambitious reform agenda is needed for the next decade. The OECD Principles provide a sound common basis for all regions but this Report provides priorities and recommendations for reform that reflect the specific conditions and needs within Asia. This Report is intended to support decision-makers and practitioners in their efforts to take corporate governance to a higher level. Indeed, the 2008 worldwide financial crisis reminded Asia and the world of the critical importance of strong corporate governance to underpin sound economic growth and help reduce risks. Topics the Roundtable will examine in the future include: board nomination and election, shareholder engagement, and effective enforcement to encourage changes in behaviour.

The landscape

Asia remains a diverse region, with a range of economic, legal, and political systems. Economic development and market sizes vary (*see Table1*). The Asian Roundtable economies have adopted different legal traditions with local variations. These are summarised in Annex A. Ownership structures too, vary while the experience, behaviour, and approaches to corporate governance differ from market to market. Nevertheless, there are commonalities.

Table 1. – GDP, Market Capitalisation, Listed Companies in Asian Roundtable Economies, 2010

Jurisdiction	GDP (2010) (USD Billions, PPP)	Market CAPITALISATION (USD millions)	MARKET CAP/GDP (NOMINAL)	NUMBER OF ALL LISTED COMPANIES
Bangladesh*	244.33	46,999	47%	302
China**	10,085.71	4,762,836	81%	2,063
Chinese Taipei**	821.78	818,490	190%	784
Hong Kong, China*	326.23	2,711,333	1208%	1,413
India*	4198.60	3,228,455	210%	6,586
Indonesia**	1029.79	360,388	51%	420
Korea**	1417.54	1,089,216	108%	1,798
Malaysia*	414.43	410,534	172%	956
Pakistan*	464.20	38,168	21.8%	644
Philippines*	367.43	157,320	78%	253
Singapore*	291.94	647,226	291%	778
Thailand**	586.82	277,731	87%	541
Vietnam**	276.57	20,385	19.7%	164

Source: World Bank Data Base http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP_PPP.pdf and World Federation of Stock Exchanges.

protect their rights. However, the Principles seek to minimise the risk of over-regulation and the costs from unintended consequences of policy action.

2 Corporate Governance in Asia: Progress and Challenges (2010).

*Common law traditions and ** Civil law traditions

Asia today is, in terms of corporate governance, almost unrecognisable from the Asia of 1997. The 1997 Asian financial crisis led many Asian countries to reform key financial and corporate institutions. One key facet of this structural change was corporate governance reform. Indeed, the years since the Asian financial crisis of 1997 have seen many countries in Asia enhance and transform corporate governance systems. The result has, in many cases, been stronger regulation, better resourced regulators, new institutions and an increasingly involved shareholder base.

Across the region, the structural change that has seen corporate governance regulation tightened has been accompanied by a change in the attitudes and behaviour of some market participants. The increasing recognition by regulators, listed companies (including their controlling shareholders), and asset managers that good corporate governance improves returns and better manages risks has led to a virtuous circle of engagement, dialogue, and governance enhancement in a number of markets.

Large listed companies have sought to enhance their corporate governance as a means of both improving control mechanisms and better managing risks, and last but not least, to attract investment. These companies are increasingly aware that a commitment to good corporate governance (including well-defined shareholder rights, high levels of transparency and disclosure, robust debate within the board of directors, and ongoing engagement and dialogue with shareholders) makes the company more attractive to investors and lenders. In a region where corporate governance risk remains in many cases a major hurdle to investment, these companies have recognised that good corporate governance has given them a significant advantage in attracting capital.

Government initiatives to develop corporate governance are underway in many Asian economies, and an increasing focus on such markets by international investors will serve to catalyse change and reform. At the same time, Asian companies are increasingly active in investing abroad. For their own equity to be acceptable in mergers and acquisitions, corporate governance standards must be high.

Ownership

A defining characteristic of many Asian companies is the presence of a large and controlling shareholder. Listed companies are typically controlled by a shareholder owning the majority of the company's shares, either state-related or conglomerate/business group-related often family owned. In both, interlocking corporate forms can serve to entrench control.

State-ownership is prevalent in Asian economies. A number of them have established entities to oversee state-owned enterprises (SOEs) (for example, Temasek Holdings in Singapore, Khazanah Nasional in Malaysia, and the State-owned Assets Supervision and Administration Commission of the State Council in China). Indeed, state-ownership is perhaps one of the defining traits of the economic landscape of China, where the state held approximately 83.1% of market capitalisation in 2007. However, in many markets individuals and their families are dominant shareholders (for example, in Hong Kong, China). These individuals or families may control a large group of companies, with relatives and their advisers typically sitting as directors on group company boards. As with some other Asian markets, families remain large owners of Indian companies. Many of these families have focused on improving corporate governance as a means of attracting investment, with large Indian companies now known globally to fund managers.

Finally, the conglomerate ownership structure – as seen in Korean *chaebols*, for example – sees a large grouping of companies, with in many cases a large dominant entity retaining a disproportionate

interest in cash flow when compared to ownership interest. Through the utilisation of a pyramid structure, control can be exerted via a network of controlled companies.

Related Party Transactions

Given the prevalence of large shareholders and company groups, minority shareholder protection is a key issue. Related party transactions are a common feature of business in Asia. Related entities enter into contractual agreements that *inter alia* see continuous trading arrangements, one-off asset transfers, or some form of financial assistance (for example, the provision of a loan to a controlling shareholder).

Many of these transactions facilitate normal day-to-day business of the business group and might be economically efficient. Examples of such transactions are sale or purchase of goods, and provision or receipt of services and leases. However, a number of these transactions can be seen to be of concern to minority shareholders, with abusive related party transactions either enriching controlling shareholders (through what is known as 'tunnelling'[3]), or misrepresenting an individual company's financial statements (of particular concern where the company is under pressure to meet expectations from equity/debt markets). Given that related party transactions are common in Asia, the risk of abusive related party transactions remains.

Board nomination and election

The board serves as a fulcrum balancing the ownership rights enjoyed by shareholders with the discretion granted to managers to run the business. In this regard, the board should exercise strategic guidance of the company, effective monitoring of management and be accountable to the company and its shareholders. Moreover, the board is also required to balance the different interests and classes of shareholders, and others.

The board's responsibilities inherently demand the exercise of objective, independent judgement. However, given the ownership structure in Asia, directors often remain appointees of controlling shareholders. There remains little that minority shareholders can do to influence the outcome of director elections. Independent directors, charged with the task of ensuring the objective judgment of the board are neither strong nor independent-minded enough in most cases to substantially influence decision making by the board.

[3] Tunnelling refers to the transfer of resources in favour of the majority owner's control.

II. EXECUTIVE SUMMARY

<u>Priority 1:</u> Public- and private-sector institutions should continue to make the business case for the value of good corporate governance among companies, board members, gatekeepers, shareholders and other interested parties, such as professional associations.

Recommendations:

- Good corporate governance requires policies and procedures at company-level that promote awareness and observance of stakeholders' rights. To this end, legal and regulatory frameworks should continue to develop effective protection against retaliation for employees who report problems and abuses.

- To preserve and promote reputational goodwill, board members (and policy-makers) should not only take into account the interests of stakeholders but communicate to the public how these interests are being taken into account.

- The public and private sectors should continue to develop performance-enhancing mechanisms that encourage active co-operation between companies and employees.

- Securities regulators, stock exchanges, self-regulatory organisations and investor groups should continue to educate companies and the public regarding the value and uses of full, accurate and timely disclosure of material information. Asian economies and their stakeholders should strive for a corporate culture in which managers and boards understand the benefits of and need for effective disclosure practices.

- To promote free and vigorous investigation and responsible reporting by news organisations, local defamation and libel laws should be narrowly tailored.

<u>Priority 2</u>: All jurisdictions should strive for active, visible and effective enforcement of corporate-governance laws and regulations. Regulatory, investigative and enforcement institutions should be adequately resourced, credible and accountable, and work closely and effectively with other domestic and external institutions. They should be supported by a credible and efficient judicial system.

Recommendations:

- Asian legal systems should continue to improve regulatory and judicial enforcement capacity to allow shareholders, especially non-controlling shareholders, to seek legal redress quickly and cost effectively. This should include promoting alternative dispute resolution mechanisms and considering the establishment of specialised courts. Policy frameworks

should encourage shareholders to initiate class-action[4] or derivative suits[5] against board members and key executives for breach of their duties, failure to comply with disclosure requirements or for securities fraud.

- Company, commercial and insolvency laws and the judicial system should help creditors enforce their claims in an equitable manner, in accordance with principles of effective insolvency and creditor rights systems.[6] Jurisdictions should take further steps to complete the insolvency law reform process and improve: (i) the quality and efficiency of commercial and insolvency judges and professionals, (ii) the dissemination of insolvency legislation and judicial decisions, (iii) cooperation in cross-border insolvency cases.

- Companies should establish internal redress procedures for violation of employees' rights. Governments and private-sector bodies should also promote the use of mediation and arbitration in providing redress for external stakeholders.

Priority 3: The quality of disclosure should be enhanced and made in a timely and transparent manner. Jurisdictions should promote the adoption of emerging good practices for non-financial disclosure. Asian Roundtable jurisdictions should continue the process of full convergence with international standards and practices for accounting and audit. The implementation and monitoring of audit and accounting standards should be overseen by bodies independent of the profession.

Recommendations:

- Asian Roundtable economies should work towards convergence with high quality internationally recognised standards and practices for accounting and audit. Divergences from international standards and practices (and the reasons for these divergences) should be disclosed by the standard-setters.

- Legal and regulatory frameworks should reinforce measures to improve disclosure and transparency of beneficial ownership and control structures. More effective disclosure and transparency regimes will require better use of technology and international co-operation among relevant authorities.

- Managers, board members, and controlling shareholders should disclose structures that give insiders control disproportionate to their equity ownership.

- (i) The corporate governance framework should ensure that disclosure is made in a timely, accurate and equitable manner on all material matters regarding the corporation, including

4 In a class-action lawsuit, a group of shareholders file suit directly against the board members or others for damages suffered by the shareholders. Damages accrue to the shareholders.

5 In a derivative lawsuit, one or more shareholders files suit on behalf of the company against the board members to recover losses suffered by the company. Damages accrue to the enterprise and not to those undertaking the action.

6 The World Bank Revised Principles for Effective Creditor Rights and Insolvency Systems and UNCITRAL Legislative Guide on Insolvency Law (http://www.worldbank.org/ifa/FINAL-ICRStandard-March2009.pdf) can serve as an internationally recognised framework for national insolvency and creditor rights systems.

the financial situation, ownership and governance of the company. (ii) Regulators and companies should continue to use the opportunites created by new technologies to enhance the fairness and efficiency of the disclosure process, including submission and dissemination of financial and non-financial information by electronic means. Where stock exchanges and other bodies require listed companies to comply with corporate-governance codes or guidelines, annual reports should state whether or not the company (and its management) have complied and, if not, the extent of, and reasons for, non-compliance.

- (i) Governments in each country should adopt measures to ensure the independence and effective oversight of the accounting and audit profession. (ii) Securities commissions and stock exchanges should require listed companies to disclose on a timely basis any change of auditors and to explain the reasons for the change.

- Securities commissions, stock exchanges and public interest oversight bodies, where they exist, should exercise oversight and enforcement of standards for accounting, audit, and non-financial disclosure. All Asian economies should continue to strengthen these institutions to: establish high standards for disclosure and transparency; have the capacity, authority and integrity to enforce these standards actively and even-handedly; and oversee the effectiveness of the accounting and audit professionals.

<u>Priority 4:</u> Board performance needs to be improved by appropriate further training and board evaluations. The board nomination process should be transparent and include full disclosure about prospective board members, including their qualifications, with emphasis on the selection of qualified candidates. Boards of directors must improve their participation in strategic planning, monitoring of internal control and risk oversight systems. Boards should ensure independent reviews of transactions involving managers, directors, controlling shareholders and other insiders.

Recommendations:

- The corporate governance framework should clearly specify key board duties and essential behavioural norms for board members.

- Asian economies should continue to review and refine the norms and practices concerning objective, independent judgement of board members.

- The board should apply high ethical standards. This should be supported by a code of ethics that is disclosed by the company.

- Independent board members should review and oversee decisions on matters likely to involve conflicts of interest. Board committees can be a mechanism for delegating monitoring.

- The board should ensure a formal and transparent board nomination and election process, in the interest of all shareholders. This may include cumulative voting or the possibility for non-controlling shareholders to directly elect some members of the board. Where cumulative voting has been selected as the method for electing boards, staggered board terms, and other mechanisms that frustrate cumulative voting, should be prohibited.

- Efforts by private-sector institutes, organisations and associations to train directors should continue, focusing on how board members should discharge their duties. (ii) To improve

board performance and clarify decision-making, it is becoming good practice to complement training by periodic, externally facilitated board evaluations. This adds credibility to what is an internal process, which should be dislosed to shareholders. Boards should put in place procedures that will regularise and professionalise the performance of board functions and clarify decision-making.

- Boards should be of a size that permits effective deliberation and collaboration and have adequate resources to perform their work. Board members should devote sufficient time and energy to their duties.

- There should be a legal obligation on management to provide board members with timely and accurate information they regard as relevant about the company.

- Board members should have direct access to company employees and to professionals advising the company as well as independent advice in accordance with procedures established by the board or its committees.

- The legal and regulatory framework should impose duties and liabilities on "shadow" board members as a way to discourage their existence.

- Sanctions for violations of directors' duties should be sufficiently severe and likely to deter wrongdoing.

Priority 5: The legal and regulatory framework should ensure that non-controlling shareholders are adequately protected from expropriation by insiders and controlling shareholders. Gatekeepers such as external auditors, rating agencies, advisors, and intermediaries should be able to inform and advise shareholders free of conflicts of interest.

Recommendations:

- Asian jurisdictions should continue to enhance rules that prohibit board members, key executives, controlling shareholders and other insiders from taking business opportunities that might otherwise be available to the company. At a minimum, prior to taking such an opportunity, such persons should disclose to, and receive approval from, the company's board or shareholder meeting. Decision-making procedures should be clarified and transparent.

- The state should exercise its rights as a shareholder actively and in the best interests of the company.

- Asian economies should adopt a comprehensive approach to monitoring and curbing related party transactions that could be abusive.

- Governments should continue their efforts to improve the regulation, supervision and governance of financial-institutions. This includes giving the board a stronger role in the oversight of risk management policies as well as implementing effective remuneration policies.

<u>Priority 6</u>: Shareholder engagement should be encouraged and facilitated, in particular by institutional investors

Recommendations:

- Legislators and regulators should promote effective shareholder engagement by reducing obstacles for shareholders to vote in shareholder meetings. In particular, rules on proxy and mail voting should be liberalised, and the integrity of the voting process should be strengthened. Greater use of technology for both the dissemination of meeting materials and to facilitate voting should be encouraged.

- Institutions investors should play a greater role in influencing the corporate governance practices of their investee companies.

III. PRIORITIES FOR REFORM

This section outlines priorities for reform, in no particular sequencing. The following section provides recommendations that focus on how to achieve these overall priorities.

Priority 1: ***Public- and private-sector institutions should continue to make the business case for the value of good corporate governance among companies, board members, gatekeepers, shareholders and other interested parties, such as professional associations.***

Asian economies have made considerable progress in raising awareness of the value of good corporate governance, which challenges many Asian business leaders and controlling shareholders to re-think their relationships with their companies and with the minority shareholders who lay claim to partial ownership in them. However, Asian Roundtable participants report[7] that many companies are still content to do only what is legally required and not to extend themselves in adopting good practices and national codes: there is a 'box ticking' compliance approach. Institutes of directors, professional bodies, investors and the authorities still have an important role in promoting the business case for high quality corporate governance. Professional organisations (such as the institutes of accountants, company secretaries, directors, etc) should step up their efforts to promote better corporate governance practices by corporations.

Given the risks of a 'box ticking' compliance approach, a particularly pertinent principle in the Asian context is the recommendation (OECD Principle I.A) that "the corporate governance framework should be developed with a view to its impact on overall economic performance, market integrity and the incentives it creates for market participants and the promotion of transparent and efficient markets." Within this context, a critical element of the policy making landscape is to promote the benefits of good corporate governance at both the firm and economy level. To this end, effective and continuous consultation with the public is an essential element that is widely regarded as good practice.

A few countries have identified 'a champion' institution to lead corporate governance reforms and initiatives in the market. These institutions have sufficient authority to potentially shape the culture and behaviour of the industry players, with close cooperation from institutes of directors, professional bodies and investors.

7 *Corporate Governance in Asia* (2010)

<u>Priority 2</u>: All jurisdictions should strive for active, visible and effective enforcement of corporate-governance laws and regulations. Regulatory, investigative and enforcement institutions should be adequately resourced, credible and accountable, and work closely and effectively with other domestic and external institutions. They should be supported by a credible and efficient judicial system[8].

Over the past decade, most Asian jurisdictions have substantially revamped their laws, regulations and other soft law. Regulatory institutions have also developed although sometimes their capacity to enforce has been limited. The rules and regulations must now be matched by advances in their implementation and enforcement. Leadership from the top levels of government is necessary to promote public confidence in the state's commitment to implementing the rule of law.

While some progress has been achieved in capacity building, with a few exceptions, Asian regulatory systems still need to improve their institutional capacity and strengthen their authority in order to ensure companies fulfil their obligations. In some cases, adoption of disclosure-based regulation has also added substantially to monitoring and enforcement burdens. Lastly, in more than a few cases where regulators had evidence of law-breaking, bias, political influence and corruption permitted wrongdoers to escape punishment.

Policy-makers should bear in mind that the credibility of a corporate-governance framework rests on its enforceability. To build this credibility, two distinct but parallel courses should be pursued. The first is to help regulators and courts develop the investigative tools and resources to articulate and enforce standards. The second course is to determine in what situations categorical rules (i.e. norms that apply uniformly, without permitting many exceptions based on "relevant facts and circumstances") more effectively protect shareholders' rights and equitable treatment.

Effective implementation and enforcement can be underpinned by periodic and systematic reviews of corporate governance frameworks that need to be developed and strengthened. It is suggested that jurisdictions regularly review whether their supervisory, regulatory and enforcement authorities are sufficiently resourced, independent and empowered to deal with corporate governance weaknesses. Further, in many jurisdictions new and improved corporate governance policies and practices are emerging and these should be identified and incorporated into good norms, recognizing that flexibility is required in corporate governance as 'one size does not fit all'. Such analysis should be viewed as an important tool in the process of developing an effective corporate governance framework. For instance, in Asia the prevalence of controlling shareholders might require more focus on independence of the board to monitor the management and effective protection of minority shareholders. Similarly, business cultural preference to pay greater attention to legal and regulatory requirements as opposed to self regulation might require more emphasis on capacity building of regulators.

In reviewing and amending policy frameworks, it is important to take into account the interactions between different elements of the corporate governance framework and its overall ability to promote ethical, responsible and transparent corporate governance practices. Corporate governance frameworks are composed of broad rules and regulations such as company law, securities law, listing rules and voluntary codes, and various authorities such as Ministries of Justice, Securities Regulators and Central Banks, stock exchanges and private sector institutions including institutes of directors. Striking a balance between the legal and regulatory framework and self-regulatory as well as other market mechanisms on corporate governance is highly jurisdiction specific. In cases where there may

8 IOSCO, 2010, Objectives and Principles of Securities Regulation.

be an overlap in authority, for example cases involving a breach of directors' duties, some economies have identified a 'champion institution' to spearhead the enforcement of corporate governance breaches. Enforcement actions should be publicised, to serve as a deterrent.

Exchanging views with other jurisdictions is also useful and helpful to promote effective implementation and enforcement. Asian jurisdictions, individually and as a group, should be sufficiently involved in the decision-making process of international standard setting as well as with international organisations that contribute policy analysis to the international standard setting process.

Priority 3: ***The quality of disclosure should be enhanced and made in a timely and transparent manner. Jurisdictions should promote the adoption of emerging good practices for non-financial disclosure. Asian Roundtable jurisdictions should continue the process of full convergence with international standards and practices for accounting and audit. The implementation and monitoring of audit and accounting standards should be overseen by bodies independent of the profession.***

A strong disclosure system that promotes real transparency is a pivotal part of market-based monitoring of companies and is central to shareholders' ability to exercise their ownership rights on an informed basis. Evidence from around the world demonstrates that disclosure can be a powerful tool for influencing corporate behavior and for protecting investors. It is also an important complement to a strong regulatory regime. A strong disclosure regime also attracts capital and maintains confidence in the capital markets. However, weak disclosure and non-transparency practices can contribute to unethical behavior and to a loss of market integrity at great cost, not only to the company and its shareholders but also to the economy as a whole.

Most Asian economies have undertaken significant reforms in recent years, through more rigorous disclosure rules, with a greater focus on monitoring and enforcing of rules and regulations. Within the corporate sector, broader (but by no means universal) recognition is developing that timely and reliable disclosure, including disclosure made on an ongoing basis as laid out by IOSCO standards, is both necessary and desirable.

Full adoption of internationally recognised accounting[9], audit and financial disclosure standards and practices facilitates transparency, as well as comparability, of information across different jurisdictions. Such features, in turn, strengthen market discipline as a means for improving corporate-governance practices. This should remain a priority for Asian economies.

However, the adoption of such standards needs to be underpinned by independent (from the profession) oversight bodies for both the audit and accounting professions to ensure effective implementation of the standards. The market oversight bodies should also have the means to ensure timely and high quality disclosure, including about non-financial issues. Asian jurisdictions still have a long way to go to fully developing such institutions. The oversight bodies should also be active in commenting on proposals by international standard setters.

9 The international accounting standards developed and published by IASB are known as International Financial Reporting Standards (IFRS). Nevertheless, International Accounting Standards (IAS) - approved and issued under the previous Constitution - continue to be applicable and of equal standing with IFRS unless and until they are amended or withdrawn. Therefore, when the term "IFRS" is used in this document, it should be read to include IAS. US GAAP is also recognised as an international standard although there are efforts underway to achieve convergence between the two.

Local conditions may require the adoption of a set of domestic standards. Until full convergence is achieved with international standards, standard setters should disclose how local standards and practices diverge from international ones (and the reasons for these divergences); company financial statements should reference how the adoption of international standards would yield materially different results.

Priority 4: ***Board performance needs to be improved by appropriate further training and board evaluation. The board nomination process should be transparent and include full disclosure about prospective board members, including their qualifications, with emphasis on the selection of qualified candidates. Boards of directors must improve their participation in strategic planning, monitoring of internal control and risk oversight systems. Boards should ensure independent reviews of transactions involving managers, directors, controlling shareholders and other insiders.***

Global experience has altered public expectations. Even though Asia was little affected, the financial crisis of 2008 nevertheless raised doubts in the public's mind with regard to board members' ability and willingness to discharge their duties to the company and to all of its shareholders. In Asia, persistent cases of expropriation, particularly of minority shareholders, through abusive related party transactions have called into question the independence and diligence of boards in the region, where controlling shareholders appoint most, if not all, board members.

In addressing these challenges, Asian Roundtable recommendations (see the next section) focus on improving the capacities of board members through further training and board evaluations, which could benefit from external consultants. Also the process of board nomination could be further elaborated. There should be greater emphasis on board quality, and selection of suitably qualified directors should be strengthened to comprise individuals with a mix of skills, knowledge, experience and diversity. Codes of ethics, heightened expectations of professional behaviour, risk oversight and improved resources and authority of the board *vis-à-vis* management also have a role.

The reduction or elimination of loopholes by tightening standards for board members " is also important. This includes making "shadow" board members liable for their actions, increasing sanctions for violations of duties of loyalty and care and delineation of a core set of related-party transactions (such as company loans to directors and officers) that should be prohibited outright.

The Roundtable Members recognise the calls in various jurisdictions for boards to also consider "corporate social responsibility" (CSR). To some extent the issue is already covered by codes and laws that require boards to take account of the interests of firm specific "stakeholders". However, CSR is a broader concept and jurisdiction specific; therefore generalisations by the Roundtable are not possible at this stage.

Priority 5: The legal and regulatory framework should ensure that non-controlling shareholders are adequately protected from expropriation by insiders and controlling shareholders. Gatekeepers such as external auditors, rating agencies, advisors, and intermediaries should be able to inform and advise shareholders free of conflicts of interest.

Differences among shareholders' interests, goals and investment horizons represent an inevitable feature of companies. Differences of another sort, however, can arise where a single family or group enjoys effective control of an enterprise or where the state owns a significant stake in the company. In such cases, which occur frequently in Asia, shareholders may ask themselves not what basic strategic decisions will best guide the company, but whether company assets and/or cash flows are being: (i) diverted by management or by the controller for their own benefit; or (ii) sacrificed in the interest of

social or political objectives set by the state. This can lead to inequitable treatment of shareholders through insider trading, abusive self-dealing or other abuse of non-controlling shareholders' rights.

Although all Asian jurisdictions have introduced measures, or have enhanced existing ones, to provide non-controlling shareholders with protection from expropriation by controlling shareholders, they have had mixed success. Additional measures that might be adopted include: (i) ensuring that regulators have the capacity to monitor companies in fulfilling transparency requirements and to impose substantial sanctions for wrongdoing; (ii) clarifying and strengthening the duty of board members to act in the interest of the company and all of its shareholders; (iii) prohibiting indemnification of board members by companies for breaches of their duties; and (iv) providing shareholders who suffer financial losses, relative to controlling shareholders, with more effective private and collective rights of action against guilty controlling shareholders or directors.

It has been argued around the world that gatekeepers have not lived up to expectations. This is also true in Asia. Steps need to be taken to ensure that they do their jobs professionally, and manage and disclose, or take steps to avoid, conflicts of interest. Although auditors work for issuers and report to boards, investors rely on them to objectively assess a company's financial statements. Similarly, securities analysts need to provide disinterested assessments of a company's prospects not unduly influenced by their firms' investment banking activities. And it is critical that credit rating companies, though compensated by the issuers they rate, ensure that they are free of conflicts of interest that could affect their ratings' independence. When the independence of gatekeepers and their integrity become compromised, market confidence suffers. Codes of conduct or ethics for each group of gatekeepers could be helpful.

Priority 6: Shareholder engagement should be encouraged and facilitated, in particular by institutional investors

Institutional investors are an increasingly diverse group of investors. While some invest on their own account such as pension funds and insurance companies others are asset managers playing an important role in intermediation of the ownership chain between final beneficial owners and portfolio companies.

Professional asset managers across Asia have also become increasingly attuned to corporate governance, with a number in the region more engaged on the issue. Asset owners, too, have sought to include corporate governance in their operations, with a number of large Asian pension funds becoming known for their corporate governance activities. However, many asset managers remain unable or unwilling to exercise their voting right to their full effect. Systems of shareholder voting remain sub-optimal in many markets, with perhaps the greatest issue for institutional shareholders being a reliance on voting via a show of hands in many companies (as opposed to via a poll).

Depending on their organisation, Asian Roundtable participants noted that institutional investors need to be encouraged to accept their obligations as responsible shareholders toward portfolio companies. They should participate effectively at shareholder meetings and the exercise of their voting rights should be facilitated and costs reduced**.** Asian policy makers might like to consider codes for institutional investors that are being used in some jurisdictions to highlight shareholder responsibilities. At the same time, barriers that raise the cost of voting should be lowered and greater certainty established that votes have been cast in the manner requested.

IV. RECOMMENDATIONS

<u>Priority 1:</u> Public- and private-sector institutions should continue to make the business case for the value of good corporate governance among companies, board members, gatekeepers, shareholders and other interested parties, such as professional associations.

Good corporate governance requires policies and procedures at company-level that promote awareness and observance of stakeholders' rights. To this end, legal and regulatory frameworks should continue to develop effective protection against retaliation for employees who report problems and abuses.

The OECD Principles provide that "[t]he rights of stakeholders that are established by law or through mutual agreements are to be respected." Companies should raise awareness of stakeholders' legally protected rights and should translate this awareness into everyday actions. For example, companies should develop and provide employee and shareholder handbooks that specify rights, entitlements and avenues for redress. Employee handbooks should describe company policies and procedures on matters such as benefits, reporting unsafe working conditions, discrimination or harassment, etc. Companies should also put in place procedures to investigate complaints and information on wrongdoing coming from employees and other stakeholders. This could include providing employees and representative bodies access to someone independent on the board, or to a nominated officer in the company with the authority to receive and act on information on wrongdoing. Such procedures should be backed by legal protection against retaliation for employees who report problems and abuses.

Developing and publishing such procedures enable the company to improve, to professionalise behaviour and to insulate the company from the unauthorised and illegal behaviour of rogue employees and supervisors. These policies can also have the collateral benefit of attracting and retaining talented employees.

Asian jurisdictions have made some progress in this area. Several have introduced provisions to protect employees who report problems or abuse, including India, Malaysia, Korea, and Thailand. Policy-makers and private-sector organisations can continue to assist in this effort by producing easy-to-understand pamphlets that can be incorporated into company handbooks and distributed to employees and other stakeholders. Technical-assistance organisations should support the development of such materials, as appropriate. The annotations to the Principles note that regulators can also provide a conduit for information on illegal behavior, by establishing "confidential phone and email facilities to receive allegations.

To preserve and promote reputational goodwill, board members (and policy-makers) should not only take into account the interests of stakeholders but communicate to the public how these interests are being taken into account.

Reputational goodwill constitutes a company's capacity to generate additional returns due to the positive associations the public has for the company and its products. Companies annually spend tens

of billions of dollars to establish these associations in the public mind, whether with regard to the high quality or cutting-edge design of company products, the friendliness or dedication of company staff, or the company's good corporate citizenship.

In order to promote reputational good will, some companies in Asia have started to release annual reports on corporate social responsibility, for example in Malaysia, Chinese Taipei, the Philippines, Indonesia and Thailand. To assist board members and management of companies operating in these environments, internationally recognised standards, such as the OECD Guidelines for Multinational Enterprises, have been promulgated.

The public and private sectors should continue to develop performance-enhancing mechanisms that encourage active co-operation between companies and employees.

The OECD Principles recommend that performance-enhancing mechanisms for stakeholder participation should be permitted to develop.

There are numerous types of performance-enhancing mechanisms. A common one in OECD countries is works councils, which under certain conditions must be consulted on major corporate actions. Other mechanisms provide incentive compensation for individual or collective performance. Among the most popular of these are cash bonuses and equity bonuses, either in the form of options or shares. Equity-participation mechanisms can include employee stock ownership plans and contributions to individual pension plans. The motivation for such plans is to encourage employees to think and to act like owners by giving them stock in the company.

Employee stock ownership plans have also been used as vehicles for management entrenchment. To the extent such plans are permitted by local law, voting rights of shares in the plan should be used solely to further the interests of plan members and should therefore be under the control of parties independent from management.

The 2008 global financial crisis has also shown that performance-enhancing mechanisms can create risks for the company. Therefore, these schemes and other remuneration-associated systems should be developed keeping in mind their alignment with the longer term interests of the company as well as an understanding of any associated risks.

Securities regulators, stock exchanges, self-regulatory organisations and investor groups should continue to educate companies and the public regarding the value and uses of full, accurate and timely disclosure of material information. Asian economies and their stakeholders should strive for a corporate culture in which managers and boards understand the benefits of and need for effective disclosure practices.

Good disclosure requires the provision of material information, as defined by, *inter alia*, IFRS and IOSCO standards. Material information is information the omission or misstatement of which could influence the economic decisions made by the users of information. Applying the concept of materiality in developing disclosure requirements helps companies and regulators to decide what information is truly relevant. In this area, companies often express concern about the costs of complying with disclosure requirements while regulators wish to ensure that the information demanded genuinely furthers regulatory objectives.

While the application of the definition of materiality avoids a one-size-fits-all approach, it may also lend itself to differing interpretations. In Asia, where interpretation in practice has been rather liberal, a number of companies have fallen significantly short of national and international standards.

Disclosure shortcomings identified by Roundtable participants could imply that accounting standards are not fully in place and that auditors have not lived up to expectations.

Roundtable participants have reiterated the need to raise awareness of shareholders' and the public to corporate transparency and efficient disclosure. This is a challenge in a number of jurisdictions, where disclosure is still seen as a heavy burden. Regulators, stock exchanges, shareholder associations, chambers of commerce, business groups, institutes of directors, intermediaries, the media, and self-regulatory, academic and professional organisations must take part in this effort. Multilateral financial institutions should set an example by requiring effective disclosure practices from entities in which they invest. In some jurisdictions, technical-assistance agencies should provide resources and know-how to educate the public, as well as company managers and directors. The overall goal of these efforts should be a corporate culture in which managers and directors treat proper company disclosure as a benefit to the company and understand that effective disclosure practices enhance the value of the corporation.

It is also useful for the relevant regulators to issue guidance to supplement the mandatory requirements on disclosure. This guidance should, among others, aid listed companies to better understand and comply with disclosure obligations by providing clarification and illustrations on how the disclosure requirements should be applied in practice (e.g. this is the case in Malaysia and Thailand).

To promote free and vigorous investigation and responsible reporting by news organisations, local defamation and libel laws should be narrowly tailored.

Roundtable participants have particularly stressed the role played by a free and vigorous press in promoting disclosure and transparency. This can be a challenge in some economies where the press is controlled either by the state or companies. On a day-to-day level, the press gathers and disseminates information of interest to the investing public. Roundtable participants have noted that a significant percentage of enforcement actions have begun with press reports of wrongdoing and that close press coverage promotes vigorous and even-handed enforcement of the law.

In some Asian jurisdictions, liberally enforced defamation and libel laws have been used to stifle reporting on corporate or state-enterprise wrongdoing. In light of the essential functions of the press in promoting disclosure and transparency, the Roundtable encourages Asian jurisdictions to enact defamation and libel laws that are narrowly tailored to avoid threatening or censoring of responsible news organisations.

Priority 2: ***All jurisdictions should strive for active, visible and effective enforcement of corporate-governance laws and regulations. Regulatory, investigative and enforcement institutions should be adequately resourced, credible and accountable, and work closely and effectively with other domestic and external institutions. They should be supported by a credible and efficient judicial system[10].***

Asian legal systems should continue to improve regulatory and judicial enforcement capacity to allow shareholders, especially non-controlling shareholders, to seek legal redress quickly and cost effectively. This should include promoting alternative dispute resolution mechanisms and considering the establishment of specialised courts. Policy frameworks should encourage shareholders to initiate class-action[11] or derivative suits[12] against board members and key executives for breach of their duties, failure to comply with disclosure requirements or for securities fraud.

Enforcement problems often arise because regulators and courts face monetary and human resource constraints, or lack the requisite legal authority to investigate wrongdoing or to develop a suitable remedy or deterrent. Improving regulatory enforcement also depends on leadership from the upper reaches of government in support of integrity, independence and professionalism. It also depends on better understanding of the benefits of improved corporate governance frameworks and practices.

In Asia, much progress has been made in each of these areas. However, considerable opportunity for further progress remains. Asian Roundtable participants identified judicial competency and the lack of specialisation of judges on capital market matters as a key concern.

Implementing and enforcing shareholders' rights and equitable treatment remain a continuing challenge, as demonstrated by extensive anecdotal evidence provided by Roundtable participants of inaction or bias connected with capacity constraints, political influence and corruption. Foreign investors feel themselves particularly vulnerable to these abuses.

Asian jurisdictions continue to experiment with introducing specialised courts and other mechanisms to strengthen enforcement. For example, there are five Sessions Courts and three High Courts in Malaysia which deal with commercial and capital market-related cases. Also, China and Chinese Taipei have established financial courts. The Philippines Code requests company boards to establish and maintain an alternative dispute resolution system to settle conflicts between corporations and shareholders and/or third parties. A number of jurisdictions have also created new bodies within existing institutions focusing on strengthening enforcement capacity. For example, China has set up an investigation division in the CSRC, India a securities and fraud investigation office in its Ministry of Corporate Affairs and Malaysia, an enforcement division in its stock exchange.

The OECD Principles do not insist upon the availability of derivative or class-action suits, but rather call for shareholders to enjoy "the opportunity to obtain effective redress for violation of their rights" and for the corporate-governance framework to "ensure … the board's accountability to the

10 IOSCO, 2010, Objectives and Principles of Securities Regulation.

11 In a class-action lawsuit, a group of shareholders file suit directly against the board members or others for damages suffered by the shareholders. Damages accrue to the shareholders.

12 In a derivative lawsuit, one or more shareholders files suit on behalf of the company against the board members to recover losses suffered by the company. Damages accrue to the enterprise and not to those undertaking the action.

company and the shareholders." Local jurisidictions have flexibility in providing redress and ensuring accountability through administrative action or informal dispute resolution. But, if agency enforcement or informal dispute resolution prove insufficient to give shareholders opportunities for effective redress (or to ensure the board's accountability), it will be necessary to pursue other, less-preferred policy options, including private litigation.

Derivative suits have been introduced in most jurisdictions in Asia and legal developments enabling class action law suits have also occurred in most economies (see Annex A for details). Roundtable participants view class-action lawsuits as a tested and useful means for providing redress and ensuring accountability that should be available to shareholders in all Asian jurisidictions. However, a key challenge is the observed lack of shareholder activity to initiate these suits. Some explain this by suggesting that procedural and financial hurdles, as they bear all the costs associated with litigation, are too high. Others suggest cultural explanations to describe the greater reliance on the regulator to take action as well as the length and inefficiency of the judicial process. Also the lack of alternatives to litigation, such as administrative hearings, mediation or arbitration procedures, contribute to the obstacles.

Roundtable discussants have noted that Asian business cultures often prefer quiet, informal dispute resolution as a way for all parties involved to keep their business affairs out of the public eye. In addition, some Asian legal traditions and political systems prefer to provide shareholder redress through enforcement by regulators rather than through administrative proceedings or private litigation initiated by shareholders.

Given the numerous hurdles to private enforcement, Roundtable participants suggest that to strengthen public enforcement capacity, adequate resources, independence and effective legal and judicial infrastructure should be provided. On the other hand, regulators also could improve accountability and transparency of their enforcement decisions, for example by disclosing their enforcement actions. Greater accountability would allow investors and other stakeholders to assess whether enforcement actions have been pursued effectively and fairly. Disclosure by regulators could include: policies, procedures and decisions, investigations; criminal prosecutions, and civil and administrative actions taken.

Company, commercial and insolvency laws and the judicial system should help creditors enforce their claims in an equitable manner, in accordance with principles of effective insolvency and creditor rights systems.[13] Jurisdictions should take further steps to complete the insolvency law reform process and improve: (i) the quality and efficiency of commercial and insolvency judges and professionals, (ii) the dissemination of insolvency legislation and judicial decisions, (iii) cooperation in cross-border insolvency cases.

Creditors represent a crucial class of stakeholder, particularly in Asia and other emerging economies where they provide major sources of corporate finance. Legitimate differences of opinion can arise among policy-makers regarding the balance to be struck between debtors' and creditors' rights. Once struck, however, this balance must be enforced consistently and reliably for a jurisdiction to represent a credible and desirable destination for debt capital.

---

13 The World Bank Revised Principles for Effective Creditor Rights and Insolvency Systems and UNCITRAL Legislative Guide on Insolvency Law (http://www.worldbank.org/ifa/FINAL-ICRStandard-March2009.pdf) can serve as an internationally recognised framework for national insolvency and creditor rights systems.

In recent years, insolvency laws throughout Asia have been improved and modernised, leading to significant improvements in the efficiency and sophistication of insolvency procedures. A great deal of reform has been influenced by the principles and guidelines introduced by multilateral organisations, including through ongoing review and consideration at the Forum on Asian Insolvency Reform.[14] The most significant example is the trend toward developing legal systems with an emphasis on the rescue and rehabilitation of viable companies.

At the same time, a significant gap remains between theory and practice, between rules and their implementation. In part, this gap has emerged from the inescapable growing pains of assimilating in a few short years rules, practices and attitudes that took decades to evolve in developed markets. Indeed, Asian Roundtable participants have identified the main challenge as being a lack of enforcement and ineffective judicial processes, which inhibit laws from having their desired outcomes.

The main task of public officials in protecting creditors' rights is straightforward: enforce the law. Improved enforcement requires strengthened institutional capabilities, which in turn requires training, knowledge transfer, and leadership to eradicate corruption. The public must develop confidence that the skill and resolve exist within the government to improve judicial and regulatory enforcement.

To deal meaningfully with creditors' rights now and in the future, Asian policy frameworks should also continue to work on the fundamentals of security interests, insolvency laws and insolvency procedures. A few of the most important are:

- Instituting insolvent-trading laws that make board members liable to creditors for company debts incurred while the company was insolvent or entering the "zone of insolvency".

- Instituting fraudulent-conveyance laws that permit recapture of company assets (including cash) that are transferred without fair and full consideration and that leave the company insolvent shortly after the transfer.

- Putting in place credible liquidation procedures and efficient secured-transaction processes. These procedures and processes form the backbone of an insolvency system. They permit prompt disposal of moribund businesses and force the management of potentially viable businesses to negotiate real and rapid restructuring. Failed attempts to restructure in a timely fashion should lead to automatic and efficient liquidation, so as to protect creditors and to reallocate resources to more productive uses.

- Creating the right dynamics for restructuring. For a troubled debtor, "insolvency" must come early enough in the debtor's decline that the debtor still has the prospect of being restructured into a viable business. In this regard, cash-flow tests for insolvency (rather than balance-sheet tests) should become the norm. In addition, restructuring procedures, even where the debtor remains in possession, must provide creditors an independent review by

[14] The Forum on Asian Insolvency Reform (FAIR) was established in 2001 by the OECD in co-operation with the Asia-Pacific Economic Co-operation Forum (APEC) and the Asian Development Bank (ADB), with assistance from the governments of Japan and Australia. FAIR is currently guided by a Steering Committee chaired by the Australian Treasury (on behalf of APEC) and including representatives of the OECD, World Bank, UNCITRAL, INSOL International and host countries. It gathers key policy makers, members of the judiciary, academics, and insolvency practitioners to further develop and sustain policy dialogue on insolvency reform and monitor and review progress in the implementation of reforms in each economy of the region.

qualified experts of the debtor's business, its prospects and options for restructuring. Restructuring works best when the debtor is co-operative and independent and expert advisers are engaged to review the business and to devise restructuring plans. Triggers and incentives are also needed to push or entice parties into restructuring – often these take the form of insolvent trading laws (mentioned above) or central-bank provisioning and loan-classification rules;

- Requiring that restructuring "fix the business". Many distressed Asian businesses need substantial operational and managerial restructuring to become viable. Because of the large number of family owner-managed businesses in Asia, replacing management can be particularly difficult. But, it must be possible. The threat of replacement is often sufficient to produce an informal workout; but, the fact of replacement is sometimes necessary to save the business.

- Reforming lending practices. Many banks, with notable exceptions, have sufficiently improved risk analysis and credit-quality control so that past practices will not recur. Banks need to be encouraged to develop mechanisms to handle distressed debt.

Companies should establish internal redress procedures for violation of employees' rights. Governments and private-sector bodies should also promote the use of mediation and arbitration in providing redress for external stakeholders.

External redress for violations of stakeholders' rights is the responsibility of state bodies, including agencies and courts. However, they have an interest in developing non-governmental redress mechanisms as well. In the employment area, where companies have developed internal redress mechanisms, stakeholders' rights can often be protected and satisfied at lower cost to all concerned. Early intervention by the company can build confidence and goodwill among employees and avoid lawsuits that can damage the company's finances and reputation. There has been some progress in Asia to establish internal redress procedures and governmental or non-governmental redress mechanisms through new legislation or a code (.e.g China, Thailand, Chinese Taipei, Vietnam, Korea) and creating specific bodies to address these issues (e.g. Philippines, Thailand).

Outside of the employment area, the company's use of non-governmental redress mechanisms, such as mediation and arbitration, can vindicate stakeholders' rights while furthering the company's interests. Such mechanisms can also offer the advantages of privacy and confidentiality.

Priority 3: ***The quality of disclosure should be enhanced and made in a timely and transparent manner. Jurisdictions should promote the adoption of emerging good practices for non-financial disclosure. Asian Roundtable jurisdictions should continue the process of full convergence with international standards and practices for accounting and audit. The implementation and monitoring of audit and accounting standards should be overseen by bodies independent of the profession.***

Asian Roundtable economies should work towards convergence with high quality internationally recognised standards and practices for accounting and audit. Divergences from international standards and practices (and the reasons for these divergences) should be disclosed by the standard-setters.

With regard to accounting standards, Roundtable experts and business leaders have described how international standards facilitate comparability of information across different jurisdictions. This situation may be particularly true for smaller jurisdictions, where cross-jurisdictional comparability may yield greater relative benefits. Adoption of established and tested international standards also permits greater devotion of local resources to implementation and oversight, while helping to insulate domestic standard setters from external pressures.

In recommending convergence as a goal to be achieved over time, Roundtable participants have therefore recognised the practical challenges imposed by local conditions. At the same time, however, Roundtable participants encourage regional standard setters to address analytical and policy concerns connected with standards through active participation in the international-standards-setting process. In this respect, the Roundtable believes that regional standard setters should focus on influencing international standards while they are being formulated, rather than justifying deviation from such standards after they have been issued. To this end, Asian economies, individually and as a group, need to ensure their full involvement with international standards-setting bodies, such as IASB and International Auditing and Assurance Standards Boards (IAASB), as well as with international organisations that contribute policy analysis to the international standard setting process.

In sum, the Roundtable's view is that while full convergence with international standards and practices may be challenging Asian economies should nonetheless establish it as a goal to be achieved over time. As a transitional measure, international standards might be applied initially to listed companies (or at least the largest thereof) and to consolidated financial statements.

Legal and regulatory frameworks should reinforce measures to improve disclosure and transparency of beneficial ownership and control structures. More effective disclosure and transparency regimes will require better use of technology and international co-operation among relevant authorities.

In listed companies with majority or controlling shareholders, the challenge is to ensure that the interests of minority shareholders are adequately protected. In order to detect and discipline possible conflicts of interest, such as opportunistic related party transactions, it is important to understand the true picture of ownership and control structures and, more importantly, to know the identity of the persons who should be considered as the ultimate beneficial owner and/or *de facto* or *de jure* controlling person.

It is therefore important to impose a general (legal or regulatory) duty on shareholders in listed companies to disclose certain ownership and control information. The disclosure regime should also apply to (beneficial) ownership structures through nominee accounts. For instance, financial institutions entrusted with these nominee accounts, as well as registrars, should have reporting

obligations vis-à-vis issuing companies.[15] The use of investment instruments that could facilitate anonymity, such as bearer shares common in Asia, should be phased out for listed companies (to the extent not already prohibited).

Still, the picture about ownership and control structures of listed companies is often blurred due to the lack of legal, regulatory and listing requirements to disclose and give insights into the use of complex mechanisms, designed to obscure the link between ownership and control; most disclosure is made at the level of direct shareholders (including custodians). A range of control-enhancing mechanisms (such as pyramid structures, cross-holdings, non-voting shares, derivative products of shares (i.e. depository receipts), and shareholder coalitions and agreements (i.e. acting in concert)) can often be used by investors in listed companies to obtain control rights in excess of their cash-flow rights.

Abusive and opportunistic behaviour by controlling beneficial owners frequently involves the use of offshore corporate vehicles or international holding structures to conceal the true identity of the controlling beneficial owner. It is clear that rules and regulations governing the market for corporate control, insider trading and related-party transactions cannot work effectively without timely and accurate disclosure of beneficial ownership and control information regarding these offshore and international structures.

In order to obtain accurate information about the beneficial ownership and control structures, it is therefore necessary to set up and encourage regional and international collaboration. In this respect, a number of economies in the region[16] are signatories of IOSCO's Multilateral Memorandum of Understanding, designed to facilitate cross-border enforcement and exchange of information among regulators. For instance, Chinese Taipei requires foreign holders of local companies to disclose beneficial ownership when necessary. Norms and practices developed in the tax, anti-money laundering and anti-terrorism fields can serve as useful points of reference for international co-operation in the company law sphere.[17]

Managers, board members, and controlling shareholders should disclose structures that give insiders control disproportionate to their equity ownership.

All Asian economies include related-party transactions (between related companies or between the company and controlling shareholder(s) or manager(s)) in their disclosure regimes. However, abusive related party transactions – where a party in control of a company enters into a transaction to the detriment of non-controlling shareholders – are still one of the biggest challenges facing the Asian business landscape. A major contributing factor is that many Asian enterprises are part of a large business group, or owned by a controlling shareholder (e.g. family or state) with a large network of personal interests. Effective monitoring and curbing of abusive related party transactions remains high on the corporate governance reform agenda in Asia. [18]

---

15 At least one Asian jurisdiction permits company management to disenfranchise shares with undisclosed beneficial ownership.

16 China; Hong Kong, China; Malaysia; Japan; South Korea; the Philippines; Singapore; Sri Lanka; Thailand.

17 See, Options for Obtaining Beneficial Ownership and Control Information: A Template, OECD Publications (Paris 2002), and Behind the Corporate Veil: Using Corporate Entities for Illicit Purposes, OECD Publications, (Paris: 2001).

18 Guide to Fighting Abusive Related Party Transactions in Asia (2009).

In some economies, cross-shareholding is frequently used to obtain control of companies without having to acquire significant equity stakes. While cross-shareholding may strengthen ties between companies that conduct extensive transactions with one another, it is also a device used to shield management from accountability. At the least, such cross-shareholding should be disclosed.

Most Asian jurisidictions already impose disclosure obligations of the type recommended; for these jurisidictions, this issue largely involves clarifying and strengthening the obligations and improving implementation and enforcement. In this regard, Roundtable participants have noted that disclosure of control structures, cross-shareholdings and self-dealing/related-party transactions remain especially relevant to Asia.

Transactions involving the major shareholders (or their close family, relations, etc.), either directly or indirectly, are potentially the most difficult type of transactions to identify. In some economies, shareholders above a limit of 5 per cent shareholder are obliged to report transactions. Disclosure requirements can include the nature of the relationship where control exists, the rationale for entering into the transaction, the terms of transactions including the nature and amount of transactions with related parties.

(i) **The corporate governance framework should ensure that disclosure is made in a timely, accurate and equitable manner on all material matters regarding the corporation, including the financial situation, ownership and governance of the company. (ii) Regulators and companies should continue to use the opportunites created by new technologies to enhance the fairness and efficiency of the disclosure process, including submission and dissemination of financial and non-financial information by electronic means. (iii) Where stock exchanges and other bodies require listed companies to comply with corporate-governance codes or guidelines, annual reports should state whether or not the company (and its management) have complied and, if not, the extent of, and reasons for, non-compliance.**

Timeliness in disclosure requires information to be provided when it is still relevant to the market. Companies should therefore disclose: (i) routine company information on a periodic basis (quarterly, semi-annually or annually)[19]; and (ii) price-sensitive information[20] on an ongoing basis.[21]

To ensure that information released to the public remains relevant and useful, periodic reports should be filed with the authorities as soon as practicable after the end of the relevant reporting period. To realise these objectives, regulators and stock exchanges should establish mechanisms to monitor how companies fulfil their obligations.

Of course, for proper disclosure, timeliness is necessary but not sufficient. Disclosure will fail to achieve its purpose unless all market participants have access to material information at the same time and with equal ease. Information does not strengthen financial markets if it is available to only a select few participants or provided so late that it is no longer relevant.

---

19 With respect to quarterly, semi-annual and annual disclosures, excessive time lag between the date of the disclosure document (i.e. the date of the balance sheet or the time period of a cash flow statement) and the date it is released to the public may make such disclosure irrelevant.

20 Price-sensitive information includes: key management changes, major transactions, losses of major customers, significant changes in the company's economic environment, major litigation, insider trading, default on debt, insolvency filing, etc.

21 See IOSCO Public Document, "Principles for Ongoing Disclosure and Material Reporting by Listed Entities," IOSCO Technical Committee (October 2002).

At present, in most economies controlling shareholders have privileged access to information. Roundtable experts have discussed how such "privileges" exacerbate informational-asymmetry and insider-trading problems that undermine market integrity.

Several jurisdictions have taken steps to address these problems, and others should follow their example by, for instance, prohibiting asymmetrical disclosure and trading on material, non-public information. The OECD Principles of Corporate Governance were strengthened in 2004 to reflect this. To ensure wide dissemination of information, companies should concurrently release information to the public through various channels, such as press releases, filings with the authorities and posting information on company websites.

The internet has become a powerful tool for better governance by offering widespread access to information at low cost. A number of economies are using new technologies. Initiatives range from providing basic services such as forms and applications online, to the use of eXtensible Business Reporting Language (XBRL) for recording, storing and transmitting company financial information. The latter is the case, for example, in India. Where necessary, jurisdictions should amend company laws and stock exchange rules to facilitate the use of new technologies while also providing proper checks on the accuracy of information provided. Finally, standards and procedures for release of information should evolve in light of the increased capabilities and expectations generated by technological innovation.

The Codes of Corporate Governance in most jurisdictions are applied on a comply or explain basis. The stock exchanges in some Asian markets, such as Hong Kong China, Malaysia, Singapore, Pakistan and Chinese Taipei, require disclosure of whether a listed company has complied with a Code. Thailand requires listed companies to disclose, on a comply or explain basis, in their annual reports. Furthermore, all jurisdictions but one now require disclosure of corporate-governance structures and practices. In Pakistan, there is an additional requirement that such disclosure be reviewed by an external auditor, whose report is included in the annual report.

While these developments are welcomed by Asian Roundtable participants, there is a perception that in practice the quality and value added of these statements varies from company to company. Many companies adopt a 'boilerplate' approach to their disclosure practices, complying in form rather than substance. Therefore, there should be greater emphasis on enhancing disclosure practices that facilitate a shift from mere conformity towards promoting greater focus on substance in terms of meeting corporate governance requirements.

(i) Governments in each country should adopt measures to ensure the independence and effective oversight of the accounting and audit profession. (ii) Securities commissions and stock exchanges should require listed companies to disclose on a timely basis any change of auditors and to explain the reasons for the change.

Accounting, like other professions, requires the exercise of judgement in interpreting and applying rules and standards to complex or novel factual situations. The discretion inherent in such judgement creates the potential for manipulation. Professionals within the company, and outside professionals whose income depends upon the company's favour, can yield to pressure from management to present the company's operating results and financial condition in a manner that may be unfair.

In Asia and other regions, companies often "manage" their reported earnings. This is well-known and accepted in some countries but this needs to be carefully scrutinised by the audit committee. The auditor's role is to ensure that the published financial statements produced by management and its

internal accountants accord fully with applicable accounting principles. Recent debacles in other regions underscore that disclosure and transparency cannot exist without thorough, independent and scrupulous performance of the audit function.

A spirited international debate has been underway over the quality of standards for auditor independence and auditing practices. It is increasingly common for external auditors to be recommended by an independent audit committee of the board or an equivalent body and to be appointed either by that committee/body or by shareholders directly. [22] The audit committee or equivalent independent body is often charged with providing oversight of the internal audit function and should also be responsible for overseeing the overall relationship with the external auditor, including the nature of non-audit services provided by the auditor to the company. Provision of non-audit services by the external auditor to a company can significantly impair their independence and could involve them auditing their own work. A number of countries in other regions call for disclosure of payments for non-audit work to external auditors. There has also been a total ban or severe limitation on non-audit work, mandatory rotation of auditors (e.g. either partners or partnerships), a temporary ban on employment of a former auditor and prohibiting auditors or their dependents from having a financial stake or management role in the companies audited. Other countries limit the percentage of non-audit income that the auditor can receive from the client.

A key issue is how to ensure the competence of the audit profession. In many cases there is a registration process for individuals to confirm their qualifications. However, this needs to be supported by ongoing training and monitoring of work experience to ensure an appropriate level of professional expertise.

In some Asian economies, audit firms have apparently tolerated wide variances in interpretation of applicable accounting or auditing standards, resulting in audits of dubious quality. Consequently, investors were assuming significant risks of which they were not fully aware.

Finally, some Asian jurisdictions suffer from a shortage of qualified accountants. In some cases, a company's accountants may not be sufficiently familiar with the applicable accounting standards and thus, are unable to apply those standards properly when preparing the company's financial statements. Some recent improvements include introducing ethical standards[23] for accountants, such as in Indonesia, Singapore and Thailand.

Securities commissions, stock exchanges and public interest oversight bodies, where they exist, should exercise oversight and enforcement of standards for accounting, audit, and non-financial disclosure. All Asian economies should continue to strengthen these institutions to: (i) establish high standards for disclosure and transparency; (ii) have the capacity, authority and integrity to enforce these standards actively and even-handedly; and (iii) oversee the effectiveness of the accounting and audit professionals.

These bodies should have authority to impose appropriate sanctions for non-compliance. To be effective, regulators must have a sufficient number of highly-trained personnel to monitor companies and to ensure that accounting and auditing oversight organisations carry out their responsibilities. In more and more countries, accounting and audit oversight has been removed from the profession and

22 IOSCO Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor's Independence.

23 The International Ethics Standards Board for Accountants has developed ethical standards and guidance for use by professional accountants.

placed in the hands of public interest oversight bodies.[24] In addition to technical competence, the independence of any standard-setting body is critical to protecting integrity of the professions. Furthermore, regulators and shareholders must also have at their disposal a range of options for sanctioning wrongdoing by accountants, auditors, company officers, directors and insiders and/or for seeking redress. Finally, underlying these requirements, must be leadership from the upper reaches of government that establishes a mandate for active and even-handed enforcement and that sets an example of integrity and professionalism.

Roundtable participants have recognised that much progess has been made in these areas over the last few years and that more progress is needed. Priorities include further developing the human and monetary resources of regulatory institutions, as well as training and exposure to effective policies and practices from other economies. The range of sanctions available for deterring and punishing wrongdoing should be broadened, as should mechanisms that augment investigatory resources, such as legal protection of employees or others to freely communicate their concerns about illegal or unethical practices . Finally, Asian economies must further strengthen cultures of integrity, professionalism and even-handedness in both companies and in regulatory bodies.

Roundtable participants have commented how, in some Asian economies, poorly paid public-sector officials are particularly vulnerable to outside influence. In Asia, as in some other regions, intensive lobbying may also prevent the adoption of rigorous standards and standards setters experience heavy pressure to decrease or weaken disclosure requirements contrary to the public interest.

In order to strengthen professionalism and even-handedness in regulatory institutions, there must be greater accountability and transparency in actions taken. Resources and powers invested in these institutions must be seen as yielding results and producing positive outcomes. In this regard, periodic disclosure of activities and publication of enforcement statistics by regulators would enhance confidence and also serve as a deterrent to aspiring errant parties.

Laws across Asia require publicly-traded companies to have their financial statements audited by an independent auditor. There is a great range across Asian jurisdictions, however, in the capabilities, experience, and practices of external auditors. In some instances, the quality and independence of audits is considered not up to standard by regulators and investors. In others, there have been improvements in the quality of auditing, and efforts to strengthen audit regulations. This has been the case for example in Singapore, Chinese Taipei, Thailand and Korea.

Although standards of accounting and auditing are high in most Asian jurisdictions, the level of implementation can be unsatisfactory, even among the largest corporations and most reputable auditing firms. Regulators still report the challenges involved for many companies in the region to follow the prescribed national or internationally recognised accounting standards when preparing their financial statements.

Levels of implementation depend in part on the strength of the monitoring and enforcement capacity enjoyed by self-regulatory accounting and auditing bodies over their members. How effectively these bodies make use of this capacity can, in turn, depend in part on the degree to which they are subject to monitoring and supervision by governmental regulators. In the view of Roundtable participants, areas that require attention in Asia include training, enhancement of audit standards, and the development of standards on independence and ethics that incorporate international benchmarks,

[24] See, IOSCO Public Document No. 134, "Principles of Auditor Oversight," IOSCO Technical Committee (October 2002).

although Chinese Taipei, Pakistan and Indonesia have developed codes of professional ethics for auditors. In addition, organisations that provide oversight of the profession must introduce clear and credible sanctions for auditors who fail in their duties. This still remains a challenge. Until recently, many such professional organisations were self-regulatory but this is gradually changing as more economies seek to introduce public interest oversight bodies, along the lines advocated by, *inter alia*, IOSCO.

Many countries have introduced measures to improve the independence of auditors. A number of countries are tightening audit oversight through an independent entity, as recommended in IOSCO Principles of Auditor Oversight [25]. The OECD Principles stress that it is desirable for such an auditor oversight body to operate in the public interest, and have an appropriate membership, an adequate charter of responsibilities and powers, and adequate funding that is not under the control of the auditing profession, enhancing its independence to carry out its responsibilities effectively. All Asian jurisdictions have reported empowering securities regulators, stock exchanges and professional organisations with the oversight function to improve enforcement, with Singapore and Hong Kong China having established a statutory body. Malaysia's Audit Oversight Board is established under the authority of the Securities Commission. Thailand has an"auditor watchdog" supervised by the SEC and Federation of Accounting Professionals.

While auditors acknowledge that they work for shareholders, in practice, as described by several Roundtable presenters, auditors are hired by, deal directly with, and are paid by company management and the board. Immediate disclosure of the reasons for changes of auditors by listed companies will help to protect the independence of auditors by deterring management from changing auditors merely because they disagree with the auditor's findings or opinion.[26]

There is also a need to broaden the pool of qualified auditors and accountants. Many countries in Asia face a shortage of competent professionals. With the support of professional organisations and their oversight bodies, there is a need for further education, training and appropriate remuneration of the profession.

---

25 See IOSCO Public Document No. 134, "Principles of Auditor Oversight," IOSCO Technical Committee (October 2002).

26 Since 2007, Malaysia requires the auditor who resigned to disclose to the regulators the reasons for his resignation or his removal from office. However, this does not apply in cases where an auditor does not wish to seek re-appointment or where the auditor is not re-elected at the annual general meeting.

<u>Priority 4:</u> Board performance needs to be improved by appropriate further training and board evaluations. The board nomination process should be transparent and include full disclosure about prospective board members, including their qualifications, with emphasis on the selection of qualified candidates. Boards of directors must improve their participation in strategic planning, monitoring of internal control and risk oversight systems. Boards should ensure independent reviews of transactions involving managers, directors, controlling shareholders and other insiders.

The corporate governance framework should clearly specify key board duties and essential behavioural norms for board members.

The board serves as a fulcrum balancing the ownership rights enjoyed by shareholders with the discretion granted to managers to run the business. In this regard, the board should exercise strategic guidance of the company, effective monitoring of management and be accountable to the company and its shareholders. Moreover, the board is also required to balance the different interests of shareholders and others. All Asian economies require listed companies to have a board. Unitary board structures predominate, with China and Indonesia having dual board structures and Chinese Taipei allowing companies to choose.

The board's responsibilities inherently demand the exercise of judgement. Guiding business strategy, determining an appropriate corporate appetite for risk or selecting a chief executive from a pool of candidates involves decision-making that cannot be reduced to a mechanical series of steps. Monitoring and supervisory functions may comprise a range of reasonable approaches. In the end, healthy corporate profits do not guarantee that boards performed well, nor losses prove that they were careless or incompetent.

The OECD Principles identify the following key duties of the board:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

- Monitoring the effectiveness of the company's governance practices and making changes as needed.

- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

- Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

- Ensuring a formal and transparent board nomination and election process.

- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related-party transactions.[27]

- Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in

[27] Please see: Guide on Fighting Abusive Related Party Transactions (2009).

particular, an audit committee, systems for risk management, financial and operational control, and fulfilling legal requirements and relevant standards.

- Overseeing the process of disclosure and communications.

Given the high level of ownership concentration in Asia, imbalances between the board and the management typically involve a relatively permissive board, since, in practice, management and the board are appointed by and answerable to a controlling shareholder. Even in this context, however, Roundtable discussants have noted that the board can and must develop review and guidance processes that require management to organise and present strategies, plans and policies in a systematic and substantiated manner. Similarly, the development of procedures in the board's monitoring and supervising work can improve the quality of decision-making by requiring that "instinct" be augmented by data and analysis. Board deliberations and the documentation prepared for the board should be properly recorded as a way of fixing responsibility, encouraging professionalism and developing institutional memory. In this area, general counsel, outside corporate counsel and corporate secretaries can play productive roles.

With regard to corporate secretaries, Roundtable participants highlighted two main points. First, every listed company board should include a capable corporate secretary, whether he is state-certified, a board member who has undertaken specific training or an outside professional. Secondly, board members should bear in mind that while a corporate secretary should help sharpen their understanding of procedures and legal requirements, board members can neither delegate nor abdicate their oversight and decision-making responsibilities. Some progress has been achieved over the years, as professional associations of corporate secretaries are active in many Asian economies and there is now an international body[28].

While board members can and should be expected to perform professionally and effectively, compensation should reflect the difficulty, scope and risk associated with their work. This is particularly true as new rules and behavioural norms expand the scope, complexity and potential liabilities of board members. A jurisdiction that imposes substantial liability while also placing arbitrary and low limits on director remuneration will either discourage responsible professionals from serving as board members or encourage them to seek other remuneration by the company, which may present a conflict of interest. Shareholders and regulators should require companies to establish board remuneration processes that are transparent.

Risk oversight is a key duty of the board, as failure to manage risk can threaten the existence of the entity being governed. Countries are exploring how to improve the overall risk management framework including examining the responsibilities of different board committees.[29]

While corporate-governance frameworks encompass both legal and behavioural norms, the wide discretion generally granted to board members means that behavioural norms play a particularly significant role in guiding their behaviour. No legal norms, however refined, can contemplate every situation in which a board member might find himself. Moreover, a board member wishing to abuse his position, either for his own benefit or that of a manager or shareholder, can often mask his own misbehaviour by going through the motions of proper deliberation prescribed by legal norms. As a

---

28 As of September 2011, Corporate Secretaries International Association (CSIA) has a member of 14 countries, including five Asian economies, namely India, Sri Lanka, Singapore, Malaysia, and Hong Kong China.

29 See ISO 31000.

consequence, while Roundtable participants have pointed out numerous opportunities for bettering Asian legal norms, participants have also uniformly identified the nurturing of appropriate behavioural norms as a key to improved board performance.

The above norms stand in contrast to business practices that often prevail in state, family or closely-held firms, where the state, a single family or group appoints the entire board. The governance of such firms often relies upon private, informal decision-making, deference to authority and loyalty based on long-term personal relationships; in such cases, even if legal norms clearly fix board duties, human nature and cultural patterns can lead to divided loyalties. The relatively large number of listed, state controlled or family-run firms in emerging markets makes any change in the corporate culture particularly important and challenging.

Behavioural norms also affect shareholders and regulators. For both cultural and practical reasons, Asian shareholders often prove reluctant to litigate or to assert formally their legal rights. This reluctance places greater pressure on regulators and prosecutors and raises capacity and infrastructural challenges for Asian corporate-governance frameworks.

Asian economies should continue to review and refine the norms and practices concerning objective, independent judgement of board members.

In order to exercise its duties of monitoring performance, preventing or managing conflicts of interest and balancing competing demands on the corporation, it is essential that the board is able to exercise objective independent judgement. Potential refinements to effective practices should not distract policy-makers from the fundamental importance, and the fundamental difficulty, of board objectivity and independence. Many Asian corporate-governance frameworks already provide for the appointment of independent board members and include definitions in their codes or listing rules. However, because controlling shareholders often nominate the board, the real objectivity and independence of judgement, and therefore the real value, of independent board members can be undermined.

The mandate for independent board members means little without an effective definition of "independence". A key aspect is the comprehensiveness of the definition, which varies among the Asian jurisdictions. Asian rules typically exclude persons related by blood or marriage to management, as well as employees of affiliated companies. More refined definitions require independence both from management and from major or controlling shareholders. Some jurisdictions also exclude representatives of companies having significant dealings with the company in question.

The issue of "independence" remains problematic, however. Roundtable participants have noted that no matter how precise a definition of "independence", or rigorous its enforcement, legal norms by themselves cannot ensure that "independent" board members will be capable of independent objective judgment. This is a challenge Asia shares with the rest of the world.

Roundtable discussants have noted that board members selected by controlling shareholders will likely be under their influence even though such members may fulfil all formal conditions to be considered "independent directors". Finding independent board members who are able to think and act independently represents an ongoing challenge for corporate-governance systems worldwide. But, the fact that no legal norm for independence will be perfect should not deter the public and private sectors from improving such norms as currently exist. Improvements will not only include more precise definitions of independence, but better disclosure of relationships that candidates have with management and shareholders. In this respect, the obligation to disclose nomination and election

procedures as well as relationships, and the attendant liability for false or misleading disclosure, should be imposed on both the company and the board member.

On a practical level, companies can appoint persons who are so wholly unrelated to management and controlling shareholders as to be clearly independent, at least at the time of their appointment. However, it is also critical that such persons should be competent, bringing considerable knowledge, and experience so that they can contribute to all aspects of the board's activities. It is important to expand the applicable pool of board members, both through education and training, as well as by looking beyond traditional geographic and demographic categories. Increasingly, board diversity, i.e. nominating board members from other countries in which the company operates, with specialised expertise or better gender/cultural balance, is increasingly seen as an effective way to improve board performance.

It has also been suggested to consider creating a registry or pool of independent directors by the authorities or other organisations. To ensure quality recruits, there must be a robust screening criteria and process in place to register or deregister candidates.

The board should apply high ethical standards. This should be supported by a code of ethics that is disclosed by the company.

As stated in the OECD Principles, the board plays a key role in setting the ethical tone of a company, not only by its own actions, but also in appointing and overseeing key executives and management. High ethical standards are in the long term interest of the company as a means to make it credible and trustworthy, not only in day-to-day operations but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of ethics, sometimes based on professional standards and sometimes broader codes of behavior. At a minimum, the ethical code should set clear limits on the pursuit of private interests, including dealings in the shares of the company. An overall framework for ethical conduct goes beyond compliance with the law.

Codes of ethics can further board member performance by publicly detailing the minimum procedures and effort that make up an effective contribution to the board. These codes serve to educate both board members and the investing public. Many companies in Asia have a code of ethics. Companies in certain jurisdications (e.g. Chinese Taipei, Indonesia, Pakistan, the Philippines, Korea and Thailand) are either required or allowed to draft their own codes. In others, such as in Malaysia, the Code of Ethics is issued by the Companies Commission, a statutory body. Though implementation is voluntary, it provides companies with a reference for developing better standards. In some cases, these codes adopt a phased approach, either toughening the rules for all companies' board members over time or placing higher demands on the board members of larger companies. Further refinement and adoption of codes of ethics should be encouraged.

As practices change over time, codes of ethics should be subject to review to stay relevant and disclosed to the public. Much work remains to be done educating and evaluating board members and would-be board members with regard to due diligence and care, but it should also be recognised that a number of Asian economies have already brought formal expectations for board member performance in line with the most developed global practice.

Independent board members should review and oversee decisions on matters likely to involve conflicts of interest. Board committees can be a mechanism for delegating monitoring.

The OECD Principles state that 'The board should be able to exercise objective judgement on corporate affairs independent, in particular, from management and controlling owners.'

- Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, nomination of board members and key executives, and board remuneration.

- When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.

The OECD Principles recommend the appointment of board members capable of exercising independent judgement. These board members are expected to enhance, in particular, the board's management-monitoring functions. Effective practices on this subject include setting up special committees of the board for matters where management or controlling shareholders are likely to have conflicts of interest (e.g. audit, remuneration and board-nomination). In such cases, independent board members should control these committees.[30]

Effective practices also frequently vest in independent board members the power to approve related-party transactions involving management or controlling shareholders, as well as other areas of potential conflicts of interest. To foster cohesion and collective responsibility, independent board members should meet regularly by themselves in the absence of the other directors including executive board members. Where the chairman of the board is an executive or substantial shareholder, the independent board members should select a lead independent member to chair their meetings.

The establishment of board committees can be particularly meaningful where the board is dominated by executive board members, where the chairman of the board is also the CEO, or where the number of board members is large. In Asia, committees are becoming common and are typically mandated for listed companies by law, regulation or listing rules. Requirements concerning the number of independent board members on audit committees differ between jurisdictions. In Hong Kong China, Indonesia, and Malaysia they have to consist of at least a majority of independent board members, while in Korea this is required for companies with assets over a certain threshold. In Chinese Taipei, if a company chooses to have a audit committee or renumeration committee, all members must be independent. In India, two-thirds of audit committees shall consist of independent directors, including its Chairman. Some jurisdictions require or recommend that listed companies set up nomination and remuneration committees consisting of independent board members. In all cases where the board establishes committees, they should enjoy a formal, written mandate from the full board outlining their responsibilities, authority and resources. This is critical to ensure clear lines of accountability.

The board should ensure a formal and transparent board nomination and election process, in the interest of all shareholders. This may include cumulative voting or the possibility for non-controlling shareholders to directly elect some members of the board. Where cumulative voting has been selected as the method for electing boards, staggered board terms, and other mechanisms that frustrate cumulative voting, should be prohibited.

30 While the general authority to nominate candidates for the board of directors might reside in a nominating committee controlled by independent directors, shareholders representing a reasonable equity interest in the company should also be entitled to propose candidates directly to the shareholder meeting.

While promoting engagement by shareholders in the nomination and election of board members, the OECD Principles also stress the essential role played by the board in ensuring that this and other aspects of the nominations and election process are respected. This is the case in Asia where controlling owners often nominate the board. While actual procedures for nomination may differ between jurisdictions, the board or a nomination committee has a special responsibility to make sure that procedures are transparent and respected. The board can also play a key role in identifying potential board members with the appropriate knowledge, competencies and expertise to complement the existing skills of the board and improve its value-added.

Across Asia, shareholders have the right to elect board members. Two considerations, one legal and one practical, temper this right. First, in some jurisdictions, candidates for board member must be nominated by the Board of Directors, which means that non-controlling shareholders have no direct say in filling the slate of candidates from which board members are chosen. Second, the prevalence of controlling shareholders mean that the controlling shareholder(s) effectively select(s) all of the board members, including those considered non-executive or "independent".

To be effective, cumulative voting requires that a sufficient number of minority votes coalesce around a candidate. In any particular case, the actual distribution of shareholdings, or relations among shareholders, may make this impossible. In addition, minority shareholders must be able to identify jointly acceptable candidates; to do so, they must have sufficient time to pool their votes and sufficient freedom to communicate without having to declare their joint holdings as a significant shareholder. Finally, the purpose of cumulative voting can be frustrated through restrictive nomination procedures or staggered board terms (which reduce the number of board members to be elected at any one time).

While cumulative voting holds out the promise of greater diversity of opinion and outlook at the board level, with this promise comes greater risk of board deadlock or antagonistic relations between the board and management. Consequently, in identifying the potential benefits of cumulative voting, Roundtable participants have stressed that cumulative voting not be confused with "parliamentary politics" insofar as a representative elected by a particular constituency feels an obligation primarily to represent the interests of that constituency. Rather, Roundtable participants have reiterated that a company director, irrespective of what party or parties nominated or elected him, has a responsibility to serve the interests of the company as a whole and the interests of the shareholders as a class.

Legitimate concerns regarding cumulative voting have led to variance in the degree to which individual corporate-governance frameworks have embraced the procedure. Some frameworks mandate such voting for all companies. Others make it optional for the company, while still others mandate it only for companies that have reached a certain size or are publicly listed. Korean experience with cumulative voting suggests that few companies will voluntarily adopt the practice. In a few OECD jurisdictions with controlling shareholders, several board seats are reserved for non-controlling and/or institutional shareholders. However, in such cases it is also important for the regulator to have the capacity to identify the appropriate shareholders.

Corporate-governance frameworks employ a number of different enforcement mechanisms to hold board members accountable and to give shareholders redress for violations of their rights. Some mechanisms (administrative fines, sanctions and orders) require action by regulatory bodies; other mechanisms (civil and criminal penalties, injunctive relief) require a determination of wrongdoing by courts. A few mechanisms, however, such as appraisal rights and cumulative voting, are shareholder-triggered, in the sense that the shareholder may invoke them without a prior finding by a state body (regulatory or judicial).

Development of a corporate-governance framework will take into account the capabilities of a particular legal system. In one case, a system with highly effective administrative enforcement may rely less on judicial and shareholder-initiated mechanisms. A system with strong courts may place less emphasis on regulatory and shareholder-initiated mechanisms. However, where a system is still developing the effectiveness and capacity of its regulators and courts, shareholder-initiated mechanisms can become essential. As a consequence, where this third case obtains, local law or listing requirements should encourage cumulative voting for listed companies by making it the default rule, with individual opt out by supermajority vote of the shareholders. Most jurisdications in Asia now *mandate* or do not prevent cumulative voting. China's 2005 Company Law allows incorporated companies to use cumulative voting to elect board members and supervisory board members in general shareholder meetings. For minority shareholders to express their views on electing board members, China's 2002 Code of Corporate Governance requires listed companies that are more than 30% owned by controlling shareholders to use cumulative voting, with the rules concerning implementatiom reflected in the company's articles of association.

Where the state, family or group controls a high percentage of the voting shares, not even cumulative voting can ensure a balance of interests at the board level. Korea has addressed this situation by partially restricting the voting rights of certain major shareholders in large corporations. Where a Korean company has more than 2 trillion won (US$ 1.54 billion) in assets, shareholders with more than three percent of all voting shares cannot exercise the voting rights of those shares that exceed three percent when voting for non-executive board members who will serve on the audit committee. The practical effects of this rule deserve study.

(i) Efforts by private-sector institutes, organisations and associations to train directors should continue, focusing on how board members should discharge their duties. (ii) To improve board performance and clarify decision-making, it is becoming good practice to complement training by periodic, externally facilitated board evaluations. This adds credibility to what is an internal process, which should be dislosed to shareholders. Boards should put in place procedures that will regularise and professionalise the performance of board functions and clarify decision-making.

The OECD Principles provide that "[b]oard members should act on a fully-informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders."[31] This formulation lays out the basic elements of a director's duties.

The need to act on a "fully informed" basis demands a base level of experience and competence. At the outset, a board must determine the skill set required of its directors and this will vary depending on the type of business, size and complexity of the company. Diversity should be encouraged. Competencies required of an effective director include basic financial literacy, an understanding of the strategic planning process, an understanding of human resource development and an ability to understand and execute the specific responsibilities imposed on the board. At the end of the day, to be fully informed, the board member must be aware of what he needs to know and must either have, or be able to acquire, this knowledge.

Chinese Taipei, India, Malaysia[32], Pakistan, and the Philippines require director training. It is voluntary in other jurisdictions. A number of private Asian organisations and associations have or are

31 OECD Principles, Section V.A.

32 In Malaysia, director's training is required where the individual is appointed as a director of a listed issuer for the first time or where the individual is a director of a company that is seeking listing on the exchange.

developing voluntary director-education and training programmes. Regional institutes of directors and national stock exchanges have played a prominent role in these efforts. Important roles also exist for chambers of commerce, trade associations, professional associations and societies, business roundtables, business, law and accounting schools at universities and similar organisations at the international, regional, national, state/provincial and municipal/local levels.

The above programmes aim not only to improve the qualifications and performance of current board members but to expand the pool of candidates from which they can be selected. For this reason, certification and training programmes should not lead to creation of a closed "guild of directors" in which only those who have completed certain training or received specific credentials may serve.

Education and training efforts should not only cover board members' basic legal and governance duties but also substantive areas such as financial literacy, understanding and monitoring internal-control systems, developing business strategies, risk policies, budgets, and the like. Materials should also provide concrete analytical frameworks on subjects such as the metrics to be used in assessing performance of senior management and the board, valuing alternative business strategies, etc.

The concept of legal entities serving as directors is problematic. Such service permits different persons to attend different board meetings, detracts from accountability to all shareholders and from meaningful exercise of an informed franchise to select specific individuals as directors based upon expectations that such persons are experienced, competent and will discharge their board duties. The practice of legal entities serving as directors should therefore be eliminated as soon as possible.

To improve board performance and clarify decision-making, it is becoming good practice to complement training by periodic, externally facilitated board evaluations. This adds credibility to what is an internal process, the general features of which should be dislosed to shareholders. A number of bodies in Asia are developing board evaluation tools. Some are considering extending this to the evaluation of board committees' performance. In India, listing rules recommend board evaluation of non-executive directors to be conducted by a peer group. The 2009 Corporate Governance Voluntary Guidelines in India further recommends a formal, rigorous annual evalution of board of directors, committees and individual board members to be disclosed in annual reports.

Boards should be of a size that permits effective deliberation and collaboration and have adequate resources to perform their work. Board members should devote sufficient time and energy to their duties.

Devote sufficient time to the board responsibilities involves both time spent in formal meetings and in preparation for such meetings, balanced with other commitments including appointments as a director of another listed company. Thailand, Malaysia, Pakistan, and Chinese Taipei, for example, set out requirements to this effect. As stated in the OECD Principles, service on too many boards can interfere with the performance of board members. Companies may wish to consider whether multiple board memberships by the same person are compatible with effective board performance and disclose the information to shareholders.

Roundtable participants have identified poor board member attendance, preparation, and participation, as well as lack of a "healthy scepticism" on the part of board members, as features of the Asian context requiring change.

Across Asia, requirements vary as to the minimum number of board meetings that should take place every year. Legal and behavioural norms should specify a minimum number of meetings consistent with performance of all board duties. Board members' contracts should specify minimum

commitments that should take into account thorough preparation for committee and full-board meetings, as well as interaction with employees and professionals involved with monitoring systems.

To encourage board members to devote sufficient time and energy to their work, some jurisdictions establish caps on the number of directorships any one person can hold. In Malaysia, for example, an individual may hold no more than 10 directorships in public listed companies (e.g. as in Pakistan), and 15 directorships in non-listed companies. Individuals in China are limited to five independent directorships in listed companies. In Chinese Taipei, independent board members and supervisors of listed companies are not allowed to hold positions as independent directors in more than three other listed companies concurrently. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of shareholders. This could be facilitated by the publication of attendance records for individual board members.

To make the most of board members' time, board members, particularly non-exective board members' should have remuneration commensurate with their duties and should be supported by, for example the company secretary and management.

There should be a legal obligation on management to provide board members with timely and accurate information they regard as relevant about the company.

The delegation of a duty should confer with it sufficient authority to carry out that duty. In the case of board members, since they are responsible for supervising management, the board members themselves, and not the managers, should determine what information is necessary for such supervision.

In Asia, management, sometimes at the behest of controlling shareholders, not infrequently denies board members full and timely access to the information they require to perform their duties. This particularly occurs on board committees involving non-executive board members and prevents them from fulfilling their role. Consequently, boards and members of board committees should have clear and broad authority to demand information which board members believe is relevant to their work.[33] Board and management procedures should also ensure that such information be supplied well in advance of board and board committee meetings.

Board members should have direct access to company employees and to professionals advising the company as well as independent advice in accordance with procedures established by the board or its committees.

In practical terms, much of the board's duty to monitor management and operations manifests itself as a responsibility to create and monitor checks and balances systems. These systems cannot function without the participation of employees at all levels of the company. Board members should ensure that every employee of the company knows the duty that he or she owes to the company. Board members should also ensure that employees at all levels have a means of reporting suspected wrongdoing by supervisors and peers.[34] Finally, board members should have, and take advantage of,

---

33 The Malaysian stock exchange, Bursa Malaysia Securities Berhad ("Bursa") has instituted specific rules stipulating the right of directors to have access to information that is necessary and reasonable for performance of their duties. So long as the determination of "necessary and reasonable" rests with directors or is very liberally interpreted by courts and regulators, such a provision should help provide the kind of information access required for effective board performance.

34 Listing requirements in India recommend that listed companies establish a mechanism for employees to report concerns to management about unethical behaviour, actual or suspected fraud or violation of

direct access to employees at all levels as an independent check on information reported to the board by senior management.[35]

Of course, a company's corporate-governance effort involves more than just its formal staff. Traditionally, in Asia, as elsewhere, the company engages outside professionals, at the company's expense, to interpret applicable law, to assess the company's state of compliance and to recommend action. Recent cases of conflicts of interest involving auditors have highlighted the corporate-governance system's dependence on outside professionals, such as the independent auditor. The recommendation with respect to the establishment and maintenance of high professional standards in the accounting and audit profession must apply to other professions (lawyers, analysts, rating agencies, and other intermediaries) especially those acting as gatekeepers.

In addition, where the advice of professionals is presented to the board, the board should have direct access to these professionals, be informed of any restrictions imposed by management on the scope of the professionals' inquiry, be informed by the professionals of major considerations and judgements underpinning their conclusions and of any areas warranting further investigation. Board members should also remember that they should not rely on professional advice until they have evaluated it in light of their own experience, judgement and common sense. The board remains fully responsible for their duties.

To raise professional standards, governments, private-sector and international organisations should promote the creation and work of professional associations that will educate and regulate their members. These professional associations should establish contacts with each other and their counterparts outside the Asian region to promote knowledge sharing and adoption of effective practices.

The legal and regulatory framework should impose duties and liabilities on "shadow" board members as a way to discourage their existence.

In Asia, board appointees can include persons who lack the experience or capacity to be fully informed, such as low-level employees or inexperienced relatives of controlling shareholders who serve as a cover-up for the"shadow" directors. Such shadow directors do not occupy board seats themselves but are the real decision-makers. In other cases, a simple scarcity of suitable candidates leads to the appointment of the clearly unqualified.

Korea, Chinese Taipei, Thailand, Malaysia and Pakistan reported plans to introduce or have already introduced provisions imposing liabilities on shadow board members into their legal framework, i.e. securities or company laws. Other jurisdictions such as Indonesia, China and Bangladesh reported having guidelines issued by regulatory bodies and stock exchanges, detailing provisions related to the appropriate conduct of board members. Other Asian jurisidictions should be encouraged to follow suit.

---

the company's code of conduct or ethics policy, with direct access to the Chairman of the audit committee.

35 Access to employees should take place pursuant to procedures established by the board or its committees. Such procedures are intended to alleviate concerns that board members will undermine management's authority or erode employee moral. This said, neither should such procedures have the effect (intended or otherwise) of impeding directors' ability to obtain direct and unvarnished information from employees.

Roundtable participants noted a number of impediments in the legal process to imposing liabilities on shadow board members. The concept of shadow board members can be difficult to interpret and obtaining proof and identifying the controlling person can be an obstacle to enforcement. It could help if there was a clear definition in securities law for shadow board members so that they are recognised as directors and therefore have the same responsibilities and liabilities as elected directors. A shadow director can be defined as a person who controls the majority of the directors.

In order to highlight the potential existence of shadow board members there must be adequate disclosure of the nomination process. One simple way to promote appointment of substantively qualified directors is to require disclosure of directors' backgrounds, education, training and qualifications, as well as relationships (if any) with managers and shareholders. Companies should also disclose their nomination and selection processes for directors. Such disclosure requirements might not only deter companies from appointing clearly incapable directors, but might also indicate, where such directors have in fact been appointed, that a shadow director is ineffective control.

Sanctions for violations of directors duties should be sufficiently severe and likely to deter wrongdoing.

The concept of good faith requires board members to honour the substance as well as the form of their duties. In Asia, as in other regions, procedures to monitor management, such as reviewing related-party transactions, become meaningless where directors do not try to exercise informed independent judgement or take to heart the interests of the company and all of its shareholders.

Some commentators have suggested that a strong esteem for superiors prevalent in many Asian companies impairs the ability of well-meaning directors to assert themselves against authority, and with confusion as to whom their loyalty should be owed. It is also possible that board members might in good faith display extreme respect to business decisions of family patriarchs and CEOs.

Board members are generally charged with carrying out their duties diligently and in good faith, although Asian frameworks differ in the extent to which they articulate these duties or elaborate them with case law. There is also a diversity of approach in establishing collective and individual liability. Typically, cases of collective liability arise only in situations where the act undertaken was so clearly improper (e.g. violation of law, abusive self-dealing) that no board member acting in good faith would have condoned it.

A breach of duty can generate civil, administrative and/or criminal liability. Civil liability for directors varies within the region, particularly in the extent to which shareholders may initiate actions against directors. A few jurisdictions, notably Korea and Chinese Taipei, have made it much easier for shareholders to file suit; most economies, on the other hand, permit shareholder suits but put in their way procedural hurdles that render collective action difficult. In addition, a few Asian economies currently lack mechanisms for collective shareholder action, such as a class-action suit or an ombudsman seeking damages on behalf of shareholders. However, a trend in favour of collective action is developing.

The generally weak, though improving, position of Asian shareholders to pursue civil actions leaves state-initiated administrative or criminal proceedings as the principal avenues for director accountability. Here, as a general matter, administrative penalties, though perhaps large in relation to national per capita income, are insufficient to deter lawbreaking at the listed-company level, while criminal sanctions are rarely sought and even more rarely imposed.

Asian legal systems establish varying degrees of liability for board members'. In some cases this liability is collective, in some cases individual. However structured, liability should take into account the severity of the offence (e.g. breach of duty of care and duty of loyalty), as well as the degree to which the company should answer for the misdeeds of its board members. Finally, as noted above, liability should also attach to shadow board members, who effectively exercise the authority of board members through their nominees.

Where the law does provide for fines, however, the maximum penalty provided by law, though large in relation to national per capita income, is sometimes inadequate to deter wrongdoing at the listed-company level. Also, the deterrence value of a sanction is measured not only by its severity, but by the likelihood that it will be imposed. Policy-makers should therefore bear in mind that at times a criminal penalty requiring a high burden of proof can be less effective than a milder administrative or civil penalty that is easier to impose. Furthermore, Asian jurisdications should ensure that their enforcement authorities and judiciary have the adequate resources, skills and qualifications to effectively implement enforcement actions.

An additional type of sanction involves disqualification from serving as a board member. Typically, this penalty is imposed after a board member has been found to have committed fraud or knowingly to have breached their duties resulting in damages to shareholders and creditors.

Disqualification can be a severe penalty for an executive board member, particularly one having a substantial equity stake in the company. The potential for expropriation of such an individual's wealth through administrative or judicial abuse is great. Consequently, while disqualification from service as an independent or non-executive board member may be an appropriate penalty, its use with respect to executive directors should be carefully considered.

<u>Priority 5</u>: The legal and regulatory framework should ensure that non-controlling shareholders are adequately protected from expropriation by insiders and controlling shareholders. Gatekeepers such as external auditors, rating agencies, advisors, and intermediaries should be able to inform and advise shareholders free of conflicts of interest.

Asian jurisdictions should continue to enhance rules that prohibit board members, key executives, controlling shareholders and other insiders from taking business opportunities that might otherwise be available to the company. At a minimum, prior to taking such an opportunity, such persons should disclose to, and receive approval from, the company's board or shareholder meeting. Decision-making procedures should be clarified and transparent.

Numerous Asian economies have introduced provisions into their legal framework that prohibit board members and key executives, as well as other insiders, from taking business opportunities that might otherwise benefit the corporation (and all of its shareholders). This constitutes the duty of loyalty. The breadth of policies varies across jurisidictions. In some cases, board members and insiders may not take for themselves opportunities where the company has an interest. In other cases, board members and insiders are more broadly prohibited from taking opportunities that fall within the company's line of business or that are "unfair" to the company. For example, Malaysia introduced amendments to its Companies Act, prohibiting improper use of a company's property, information and corporate opportunity.

The business-opportunities policy exists to prevent management and insiders from using for their own benefit information, insights or contacts developed through their relationship with the company. Broader formulations of the policy also discourage these persons from competing with the company or putting themselves in postions where their loyalty might be questioned or tested. In some jurisdictions, the prohibition on the taking of opportunities may be waived by the company in much the same manner as related-party transactions are approved. Other jurisdictions, it should be noted, apply strict categorical proscriptions.

As discussed previously, a particular feature of the Asian corporate landscape is a relatively high concentration of family-run or state-owned firms. Quite frequently, ownership control is effected through extensive, interlocking networks of subsidiaries and related companies that include partially-owned, publicly-listed firms.

On the one hand, the use of such subsidiaries and affiliiated companies permits investors not only to place their money with the management team of their choice, but to direct this money to the markets and industries in which particular subsidiaries specialise and which investors believe hold the greatest potential for profits. On the other hand, by spreading operations across companies that have different pools of non-controlling shareholders, controlling insiders invariably create tensions and conflicts when deciding how to allocate capital and business opportunities among these companies. The risks such arrangements create for abusive related party transactions are discussed below.

But, at a minimum, Asian jurisdictions should develop or enhance policies prohibiting the taking of business opportunities so that non-controlling shareholders can enjoy greater protection from inequitable treatment caused by controlling insiders shifting business opportunities to those companies in which they enjoy greater cash-flow rights. A key challenge to implementation is how to monitor and obtain proof. Until now, enforcement is dependent upon disclosure by the interested party.

The state should exercise its rights as a shareholder actively and in the best interests of the company.

The ownership policy should clearly define the overall rationale for state ownership. Clear and published ownership policies thus provide a framework for prioritising SOEs' objectives and are instrumental in limiting the dual pitfalls of passive ownership or excessive intervention in SOEs' management. Some Asian countries have taken steps to address this issue. In India, the Department of Public Enterprises issued comprehensive "Guidelines on Corporate Governance for Central Public Sector Enterprises" in June 2007 which were revised and made mandatory with minor modifications in 2010. Similarly, the State Enterprise Policy Office (SEPO) has developed Guidelines on Corporate Governance of State-Owned Enterprises that set out a framework for SOEs' operations in Thailand.[36]

Across the world, countries have amassed considerable experience, not only in privatising assets, but in acting as a shareholder in wholly and partly state owned firms. In 2005, the OECD released a set of best practice Guidelines on the Corporate Governance of State Owned Assets, which draws together the experiences of both OECD and other countries. Based on this experience, certain specific elements for promoting good corporate governance stand out: (i) acting as an informed and responsible shareholder according to a clearly defined set of ownership objectives (ii) electing as board members only persons having sufficient authority, knowledge and experience to make informed commercial decisions, and empowering them to make those decisions; and (iii) ensuring that where listed SOEs are required to pursue non-commercial objectives, this does not occur in such a way as to disadvantage non-Government shareholders.

While Asia has experienced several waves of privatisation, a significant percentage of Asian economies remains under state control. The degree to which specific assets and concerns should be privatised is of course a matter for each jurisdiction to decide. But, to the extent that private persons have been permitted to invest in companies, the corporate-governance framework should protect their rights and ensure equitable treatment.

Typical challenges with respect to partially-privatised companies arise when the state chooses, elects or appoints as board members and key executives civil servants (or other persons) who lack the authority, background or interest to fulfil their responsibilities. For example, decisions on how to exercise shareholders' voting rights are often left to civil servants having no clear mandate, business training or incentive to take risks that make business sense. A useful mechanism to help ownership entities to nominate competent boards is for them to develop or get access to databases of qualified candidates. These databases should be developed through a competitive process and open advertisement to encourage broadening of the pool of qualified candidates. Thailand is one of the active economies in the region promoting better nomination standards for SOE boards. In June 2008, a law was adopted to create a pool of credible and competent SOE board members. The selection committee for this pool of candidates comprises persons known to be non-political, independent-minded and with a track record of credibility. Civil servants or board members or executives closely aligned with the government may, in some cases, be pressured to use their positions to pursue political or social objectives of the government at the expense of the company. Such persons may also cause the companies to enter into transactions for the private benefit of themselves or entities connected with them. This behaviour constitutes abusive related party transactions, and rules regarding definition, disclosure and approval of "related-party transactions" should take into account the particular challenges presented by state ownership in listed companies.

A final issue connected with state ownership is the lack of resources and capacity to monitor and regulate companies at arm's length. The OECD Guidelines recommend the centralisation of the

[36] The Asia Network on Corporate Governance of State-Owned Enterprises was established in 2006, under the auspices of the Asian Roundtable, to raise awareness and promote the use in Asian economies of the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

ownership function or, at the least, efficient coordination among the different entities in charge of the ownership function. It makes the ownership function more visible and identifiable and may help facilitate the strengthening of competencies by centralising financial and human resources. There has been a recent change toward more centralised ownership functions in some Asian countries like China, Vietnam and Bhutan through establishing new ownership entities (e.g. SASAC and China Guoxin Holding Company Limited in China, and SCIC in Vietnam). In May 2011, the Philippines ratified the Government-Owned or Controlled Corporations (GOCC) Governance Act. The law will create an oversight body called GOCC Commission on Governance (GCG), which will monitor and evaluate the performance of all GOCCs by introducing a structured performance evaluation system and periodic assessments.

Asian economies should adopt a comprehensive approach to monitoring and curbing related party transactions that could be abusive[37].

Abusive related party transactions represent the most pervasive challenge of corporate governance. In recent years, abusive related party transactions have drawn the attention of market participants and policymakers in Asia to the systemic risks that may damage market integrity. Most related party transactions are not abusive. However, under certain conditions the transactions can allow controlling shareholders or key executives of a company to benefit personally at the expense of non-controlling shareholders. Abusive related party transactions are still a challenge to the integrity of Asian capital markets. The costs of abusive transactions are high, whether in the form of one-off material expropriation of wealth, or the slow expropriation of wealth through on-going operational transactions. Therefore, effective monitoring and curbing of these transactions has become a priority for reforming the Asian corporate governance landscape.

Abusive related party transactions are often characterised by a loss of business opportunity for the listed company, overpayment of an asset, or simply making use of financial services in a way that places the listed company at risk. Often termed 'tunneling', these transactions could also include selling an asset at an inflated prices to the listed company, purchasing an asset a reduced price from the listed company, or the controlling shareholder securing a loan guarantee from the listed company. The increase of centrally-administered, group affiliated financial entities in some Asian economies, for example, means that the potential for intra-group loans made by this central finance company increases the risk to the listed company in the group.

The Guide to Fighting Abusive Related Party Transactions, developed on a consensus basis by the Asian Roundtable in 2009, provides nine recommendations, and highlights the definition of related parties and related party transactions, in order to capture those that present a real risk of potential abuse. It raises key issues about control, consistency and materiality. The Guide also considers legislative and regulatory approaches to monitoring and curbing abusive related party transactions, including suggestions for improving the legal framework concerning disclosure and shareholers'

37 This includes a legal framework that : (i) provides coherent definitions of 'related parties' to cover control and broad enough to capture abusive transactions (ii) appropriate and effective threshold-based tiers referring to materiality, for disclosure and shareholder and/or board approval of related party transactions, according to the risk of potential abuse, (iii) where reliance is placed on shareholder approval, a voting system should be established with a majority of disinterested shareholders at shareholder meetings required to approve such transactions, (iv) continue to prohibit listed companies from engaging in certain types of related-party transactions, such as personal loans to directors, key executives, controlling shareholders and other insiders, (v) remuneration structures and compensation policies should take into account the company's long-term interest and performance, (vi) finally, to support monitoring, companies should disclose their policies on related-party transactions.

approval based on thresholds and a voting system with a majority of disinterested shareholders. The Guide emphasises the critical role of auditors and independent, objective judgement by board members, providing recommendations on how to enhance the effectiveness and credibility of independence.

As in other regions, Asian legal systems uniformly prohibit the abuse of related party transactions. But, two challenges persist. The first is effective disclosure that an insider is a party to the transaction. The second is ensuring that related-party transactions take place only when they are fair and beneficial to the company.

A transaction between the company and its insider(s) is only considered abusive when the price is unfair to the company by reference to the price the company would have received from an unrelated party dealing at arm's length. This arm's-length standard, however, can be exceedingly difficult to apply. Often, the pricing of transactions (including compensation arrangements) is complex and requires the exercise of judgment by directors, which regulators and courts are reluctant to second-guess. As a consequence, corporate-governance frameworks typically first seek to apply procedural safeguards. So, for example, a related-party transaction will become very difficult to invalidate if: (i) it has been disclosed to the board and approved by a majority of non-executive board members who are not parties to the transaction and who are presumed, *prima facia*, to exercise independent judgement;[38] or (ii) disclosed to and ratified by the general meeting of shareholders.

A second safeguard against abusive related party transactions employed by some jurisidictions involves approval of the related-party transaction by shareholders. Shareholder approval introduces an element of "legitimacy". Questions that arise in such cases are: (i) what is the legal effect of shareholder approval (i.e. absolute immunity from challenge or a shifting of the burden of proof onto the party seeking invalidation of the transaction); (ii) whether the effect of approval varies with the kind of related-party transaction under attack; and (iii) whether interested shareholders may participate in the approval process.

Shareholder approval may be time-consuming and expensive, since it requires distribution of proxy materials and convening of a shareholder meeting. In the view of some commentators, collective-action problems may also raise practical concerns about the suitability of the shareholder meeting as a forum for reviewing and approving/ratifying related-party transactions.[39] If shareholder approval is needed, some Roundtable participants have suggested preparing circulars to shareholders that must contain adequate information to aid informed decision-making by shareholders.

In sum, Roundtable participants have identified both disinterested board member approval and disinterested shareholder approval as policy options in dealing with related-party transactions. Opinions among participants have differed as to the superiority of one over the other, and as to whether they should be viewed as alternatives, or be used in combination depending on the circumstances.

---

38 In some jurisdictions courts or regulators may reserve the right to challenge transactions on the grounds of unfairness even if such transactions have been disclosed to and approved by disinterested directors. In practice, however, authorities are unlikely to attack such transactions absent evidence of corruption in the process, such as incomplete disclosure, demonstrable bias on the part of disinterested directors, or failure by disinterested directors to engage in even the rudimentary aspects of deliberation.

39 See e.g. Clark, *op. cit*. 11, pp. 180-89.

An alternative to relying upon independent board members or the shareholder meeting to approve/related-party transactions may be to prohibit the company from engaging in certain kinds of self-dealing/related-party transactions altogether. For example, a number of countries prohibit, or severely limit, loans from a listed company to its board members or key executives. Asian jurisdictions should consider the extent to which this "core" of prohibited transactions should be expanded to include transactions such as: (i) purchases/sales of assets outside of the ordinary course of business to insiders and their relatives; (ii) waiver of conflicts for key executives to do business with the company, etc. Such prohibitions would represent a hybrid approach, where certain core self-dealing/related-party transactions would be prohibited outright, with disinterested, non-executive-board member approval, or shareholder ratification, applicable to other transactions.

Governments should continue their efforts to improve the regulation, supervision and governance of financial-institutions. This includes giving the board a stronger role in the oversight of risk management policies as well as implementing effective remuneration policies.

The regulation and governance of financial institutions play a three-fold role in corporate governance. The continuing need for equity capital often drives good corporate governance, since a company's track record with equity investors greatly determines its ability to raise funds through new issues. Where this need for equity is reduced by soft lending practices, companies have less need to return to the equity market for additional capital and therefore less reason to care about how the equity market views their governance. Second, effective monitoring by lenders can help prevent or catch borrower problems or abuses that might otherwise go undetected by the debtor's shareholders.

Given the focus on financial firms in the 2008 financial crisis, a number of regulatory developments addressing risk oversight and remuneration practices can be noted, for example in Hong Kong,China and Singapore. Singapore focused on the role of the Board in the promotion of sound risk management and remuneration practices. The regulators in both jurisdictions use the "Principles and Standards on Sound Compensation Practices" of the Financial Stability Board as a reference. Guidelines for securities firms, banks, insurers, financial holding companies and listed firms in Chinese Taipei also include a particular focus on remuneration, and the Bank of Thailand has put forward several regulations addressing credit risk management. In Indonesia, banks are required to set up Risk Policy, Remuneration, and Nomination Committees.

Reforms addressing the importance of the composition of the boards of financial institutions have also been ongoing. Korea, for example, has focused on strengthening the role of independent board members in financial institutions and has published a code of conduct recommending that a majority of board members be independent, rather than the 50% legally required. Pakistan has introduced a fit and proper criteria for key executives, board members and CEOs of asset management companies and Modarabas[40].

Governments should therefore intensify their efforts to improve the regulation and corporate governance of banks. Asian banks play a dominant role in regional corporate finance. Shortcomings in the governance of banks not only lower returns to the bank's shareholders, but, if widespread, can destabilise the financial system. To maintain confidence in both debt and equity markets, policy-makers and regulators need, in addition to ensuring adequate banking regulation and supervision, to promote sound corporate-governance practices in the banking sector along the lines of the Policy Brief

[40] A form of financial contract in some Muslim countries in which the investor (*rab-ul-mal*) entrusts money to a financial manager (*mudarib*) and any profits and losses are shared between them in an agreed manner.

on the Corporate Governance of Banks[41] that was developed by the Asian Roundtable. In particular, ownership and financial relationships should be disclosed, related-party transactions should be subject to both banking and corporate-governance restrictions, and board members of banks should be subject to "fit and proper" tests that include competency. These board members should also assume responsibility for bank systems and procedures that ensure sound lending and effective risk management.

Priority 6: Shareholder engagement should be encouraged and facilitated, in particular by institutional investors.

Legislators and regulators should promote effective shareholder engagement by reducing obstacles for shareholders to vote in shareholder meetings. In particular, rules on proxy and mail voting should be liberalised, and the integrity of the voting process should be strengthened. Greater use of technology for both the dissemination of meeting materials and to facilitate voting should be encouraged.

In some Asian economies, there are still impediments that prevent or impede effective shareholder participation and the exercise of shareholders' rights in shareholder meetings. These include: (i) inadequate or inconveniently located facilities; (ii) insufficient notice of meetings;[42] (iii) inadequate information concerning agenda items;[43] (iv) fixing a record date that precedes the date the meeting is announced;[44] (v) unclear restrictions on persons who may serve as proxies; (vi) prohibitions or high barriers to voting in absentia; (vii) unclear restrictions on the ability of shareholders to place issues or initiatives on the agenda and to ask questions of the board; (vii) voting by a show of hands; (x) failure to record the conduct and outcome of meetings in ways that are verifiable.

Other obstacles, and not only in Asia, include having all shareholder meetings bunched within the same few days; the ability of brokers and other intermediaries to vote their clients shares without instructions from them; and securing that none of the shareholders has the advantage of knowing how other shareholders voted before casting their own votes.

Where the above practices can be corrected through simple changes in laws, regulations or listing requirements, Asian policy-makers and regulators should effect these changes without delay. In addition, company executives and board members should be directly responsible to shareholders for fully and faithfully respecting the rules governing meetings. Where it is consistent with their

41 The Policy Brief reflects the corporate governance guidance for regulators and banks since developed by the Basel Committee on Banking Supervision.

42 Notice and proxy materials should be sent out sufficiently far in advance that recipients have time to digest the information and to contact their proxy agent with instructions.

43 Information should include full details of the proposed meeting, text of agenda items and proposed resolutions, and a discussion of the advantages and disadvantages of items and resolutions sufficient for shareholders to make an informed decision.

44 Ideally, the meeting date and the record date should be announced at the same time, and the record date should be sufficiently in advance of the meeting to permit information to be sent to shareholders regarding the meeting and proxies and voting instructions to be obtained from beneficial owners. Setting a record date in advance of a meeting is a desirable practice that should be encouraged as long as the record date is not too early (e.g. before the announcement date of the meeting) or too late.

jurisdiction's legal framework and norms, shareholders should be able to challenge the conduct of annual shareholder meetings.[45]

Liberalising proxy voting and voting by mail or electronically should receive priority attention. The provision of formal instructions by shareholders on the use of proxies should be facilitated. Listed companies should be encouraged, at their expense, to adopt measures that promote proxy collection, for instance, by hiring independent and reputable professionals, such as registrars, to collect proxies. Moreover, shareholder protection groups should be allowed to assist minority shareholders in consolidating their votes at general shareholder meetings, including by way of proxy. In some cases, this might require changes to proxy solicitation rules and to rules about acting in concert; the latter can prevent some shareholders from forming groups or even communicating on governance issues. Custodians and nominees should be able to split or apportion their votes to carry out the instructions of the beneficial owners for whom they act.

Regulators should develop a set of rules and practices to ensure integrity and transparency in the proxy process. Such rules should assign clear responsibilities to the company for reaching beneficial owners in the dissemination of information and in facilitating their participation in the corporate decision-making process.

With respect to Depository Receipts, voting rights should be used in the best interest of holders instead of being automatically transferred to management. Regional regulators should, to the extent it is within their jurisdiction, see that depositories and custodians notify beneficial owners and exercise voting rights in accordance with these owners' instructions. Listed companies should cooperate with custodians and depositaries to facilitate timely receipt of voting instructions from beneficial owners of their shares, including holders of depositary receipts. Subject to reimbursement, regional custodians or depositaries should be required to contract with reputable agents in relevant countries to distribute information and to collect proxies or ballots.

The OECD Principles provide that institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights. Roundtable participants have emphasised that in applying this provision, institutional investors and nominee shareholders, when acting on instructions, should exercise their voting rights, thereby encouraging a culture of shareholder engagement that benefits equity markets generally. There were also calls for disclosure of conflicts of interest, which is key for proxy advisors as well.

Lastly, many institutional investors holding investments in Asia have raised concerns that the multiple layers of ownership (i.e. international custodian uses a regional custodian that uses a local custodian that holds shares through a nominee company etc.) mean that there is little time to collate voting intentions and pass them back up the chain. So while a deadline could be adequate for a local investor, that may not be the case for international investors. This can cause a conflict by allowing extra time for international investors, resulting in slowing the decision-making process, where matters have to be put to shareholders. Electronic voting could be a practical solution to this concern.

Institutions investors should play a greater role in influencing the corporate governance practices of their investee companies.

---

45 In some countries, regulators are authorised to oversee whether the company fulfils its obligations, including attending shareholder meetings as observers (at company expense, if appropriate), with the power to sanction conduct that either violates the letter of norms or abuses their spirit.

To shape and influence a wider sphere of corporate governance culture, some Asian Roundtable participants suggested that institutions with the greatest incentive to champion this effort would be the large, dominant institutional funds in each economy. In this regard, it may be useful for institutional investors to work together and form a group, which should be facilitated by appropriate regulations in order to actively promote effective corporate governance. The group could have in place its own code of best practices for institutional investors.

ANNEX A: OVERVIEW OF CORPORATE GOVERNANCE FRAMEWORKS IN ASIA[46]

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
I. Ensuring the Basis for an Effective Corporate Governance Framework													
I-1. Laws, Regulations and Rules on Corporate Governance													
I-1.1 The major laws and regulations that form CG and impact practices													
	The Companies Act 1994 (www.vakilno1.com/saarclaw/bangladesh/companies_act.htm)	The Companies Law of the People's Republic of China 2007 (www.npc.gov.cn)	Main Board Listing Rules (http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/listrules.htm)	The Companies Act.1956* (*New Companies Bill is under consideration)	The Company Law No.40 2007 (www.indonesia.go.id)	The Companies Act 1965 which includes amendments made in 2007. (www.ssm.com.my)	The Companies Rules 1985 (www.secp.gov.pk/corporatelaws/pdf/Companies_Rules_1985.pdf)	The Code of Corporate Governance 2009* (www.sec.gov.ph)	The Companies Act 2005 (statutes.agc.gov.sg)	The Commercial Act 1962 (www.moleg.go.kr/english)	The Company Act 1929 (eng.selaw.com.tw/FLAWDAT01.asp?LSID=FL011292)	The Public Limited Company Act (PCA) 1992 (www.dbd.go.th/mainsite/index.php?id=49andL=1)	The Enterprise Law 2005 (www.law.com.vn/download/LAW%20ON%20ENTERPRISES.pdf)
	Securities and Exchange Ordinance 1969 (www.secbd.org/LawBook2007/F-01.pdf)	Law of the People's Republic of China on Securities 2006 (www.npc.gov.cn/englishnpc/Law/2007-12/13/content_1384125.htm)	Growth Enterprise Market (GEM) Listing Rules 1999 (http://www.hkex.com.hk/eng/rulesreg/listrules/gemrules/gemrule.htm)	The Securities and Exchange Board of India Act 1992 (www.sebi.gov.in)	The Capital Market Law No.8 1995 (www.bapepam.go.id)	Banking and Financial Institutions Act of 1989 (www.bnm.gov.my) Development Financial Institutions Act 2002 (Act 618) (www.bnm.gov.my)	The Listing Regulations of Stock Exchange (www.kse.net.pk; www.lse.net.pk; www.ise.com.pk)	Securities Regulation Code 2000 (www.sec.gov.ph/index.htm?src/index) Real Estate Investment Trust Act	The Securities and Futures Act 2001 (www.mas.gov.sg/legislation_guidelines/index.html) (in the process of amendment)	The Capital Market & Financial Investment Business Act 2007 (www.moleg.go.kr)	The Securities and Exchange Act 1968 (eng.selaw.com.tw/FLAWDAT01.asp?LSID=FL007009)	The Securities and Exchange Act 2008 (www.sec.or.th/laws_notification/file_dw_en/draft_secact_final_en.pdf)	The Securities Law 2006 (www.telchar.com/capmkts/VietnamSecuritiesLaw2006English.pdf) The Amended Securities Law 2010
	The Securities and Exchange Rules, 1987 (www.secbd.org)	The Criminal Law 1997 (www.npc.gov.cn/englishnpc/Law/2008-01/02/content_1388005.htm)	The Company Ordinance (Cap.32) (http://www.legislation.gov.hk/blis_pdf.nsf/6799165D2FEE3FA94825755E0033E532/BF	Clause 49 of the Listing Agreement2006 (www.sebi.gov.in/Index.jsp?contentDisp=Departmentandd ep_id=1)	The Government Regulation No. 63. 2003 (www.bkpm.go.id/file_uploaded/GR_63_03_Eng.pdf)	The Financial Reporting Act of 1997 (www.masb.org.my)	The Companies Ordinance 1984 (http://www.secp.gov.pk/corporatelaws/pdf/CO_1984_0710.pdf)	General Banking Act of 2000 (ssl29.chi.us.securedata.net/abcapitalonline.com/genbanklaw.pdf)	The Singapore Exchange's (SGX) Listing Rules (www.sgx.com/wps/portal/corporate/cp-en/regulation/r	The Stock Market Listing Regulation (www.krx.co.kr)	Securities Investor and Futures Trader Protection Act 2002 (eng.selaw.com.tw/FLAWDAT01.asp?lsid=FL007109)	The Stock Exchange of Thailand's Listing and Disclosure Rules (http://www.set.or.th/set/notification.do?lang	Law on Insurance Business 2000 Amended Law on Insurance Business 2010 (www.mof.gov.vn)

[46] The information and data in this Annex was provided and updated by participating Asian Roundtable economies, valid as of end August 2011.

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			BC0BDE18CA0665482575EE0030D882/$FILE/CAP_32_e_b5.pdf)						ulebooks_manuals/mainboard_rules			uage=en&country=US)	
		The Enterprise Bankruptcy Law of the People's Republic of China 2007 (www.npc.gov.cn)		Institute of Chartered Accountants Act 1949 (www.icai.org)	The Bapepam-LK Rules (www.bapepam.go.id)	The Bursa Malaysia Listing Requirements (www.bursamalaysia.com)	Securities and Exchange ordinance 1969 (www.secp.gov.pk/corporatelaws/pdf/secord1969_sep08.pdf)	The Philippine Stock Exchange Disclosure Rules (www.pse.com.ph)	Banking (Corporate Governance) Regulations and Insurance (Corporate Governance) Regulations http://www.mas.gov.sg/legislation_guidelines/index.html	The Stock Market Disclosure Regulation (www.krx.co.kr)	Business Merger and Acquisitions Act 2002 (db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL006634)	The Accounting Law 2000	The Accounting Law 2003 (www.business.gov.vn/assets/59625514aa32496aba2f69e762764ccd.pdf)
		The Property Law of the People's Republic of China 2007 (www.npc.gov.cn/)		The Institute of Company Secretary Act, 1980 (www.icsi.edu)	The Indonesian Stock Exchange (IDX) Regulation (www.idx.co.id)	Securities Commission Act 1993. This legislation covers all amendments made including the most recent Securities Commission Amendment Act 2010.	The Prudential Regulations for Corporate and Commercial Banking by State Bank of Pakistan 2009 (www.sbp.gov.pk)			The Regulation on Securities Issuance and Disclosure (www.fsc,go,kr)	Business Accounting Act 1948 (eng.selaw.com.tw/FLAWDAT01.asp?LSID=FL011300)	Regulations on Corporate Governance in Financial Institutions 2009 (www2.bot.or.th/fipcs/Documents/FPG/2552/ThaiPDF/25520165.pdf)	Law on Banks 2010, Law on Credit Institutions 2010 (lawfirm.vn)
		The China Enterprise State-Owned Assets Law2009 (www.lawinfochina.com)	*Exchange Listing Rules for disclosure of price sensitive information is under consideration to be a statutory requirement under the securities and futures ordinance. See Consultation Paper and	Baking Regulations Act, 1949 (www.finmin.nic.in)	Bank Indonesia Regulation No.8/4/2006 on CG Implementation for Banks (www.bi.go.id) http://www.bi.go.id/NR/rdonlyres/8B98E459-6D13-40FD-A344-8BA7D02CE5A6/11856/pbi8406.pdf	Capital Markets and Services Act 2007.	NBFC and Notified Entities Regulations 2008. (http://www.secp.gov.pk/notification/pdf/2009/amend_nbfc_ne.pdf) Companies (Corporate Social Responsibility) General Order, 2009 (http://www.secp.gov.pk/corp			The Financial Investment Services and Capital Market Act 2009 (www.moleg.go.kr/english)	Certified Public Accountant Act 1945 (eng.selaw.com.tw/FLAWDAT01.asp?LSID=FL007255)		Corporate Governance Code 2007 (www.mof.gov.vn)

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			Consultation Conclusions on the Proposed Statutory Codification of Certain Requirements to Price Sensitive Information by Listed Corporations at http://www.fstb.gov.hk/fsb/ppr/consult/psi.htm and Consultation Conclusions Paper on the Draft Guidelines on Disclosure of Inside Information at http://www.sfc.hk/sfc/doc/EN/speeches/public/consult/psi_conclusions_paper_eng.pdf				oratelaws/pdf/CSR.pdf) NBFC (Establishment and Regulation) Rules, 2003 (http://www.secp.gov.pk/corporatelaws/pdf/NBFC_Rules_final.pdf)						
					State Minister of SOEs Decree number 117 Year 2004 on GCG Implementation for SOEs (www.bumn.go.id) National Code on GCG (2001/revised in October 2006)	The Capital Markets and Services Act 2007 (CMSA) (www.sc.com)	The Group Companies Registration Regulations 2008 (http://www.secp.gov.pk/corporatelaws/pdf/gcr.pdf)	* Some parts are Comply or explain			Financial Holding Company Act 2004 (http://law.banking.gov.tw/Eng/FLAW/FLAWDAT0201.asp)		
							The Competition Ordinance 2007						
							Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002						
I-1.2 The existence of a 'CG Code' that was endorsed by the government or stock exchange													
	Corporate Governance Guideline 2006	The Code of Corporate Governance for Listed Companies in	Code on Corporate Governance Practices	Corporate Governance Voluntary Guidelines 2009	Good Corporate Governance Guidance 2006	The Malaysian Code on Corporate Governance ("the CG	The Code of Corporate Governance in 2002. Revised Code is in its	The Code of Corporate Governance 2009	The Code of Corporate Governance 2005	Code of Best Practice for Corporate Governance 2003	Corporate Governance Best-Practice Principles for TSE/GTSM	The Principles of Good Corporate Governance for Listed	Corporate Governance Code 2007

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
		China 2001				Code") was first introduced in March 2000 and later revised in 2007. *The CG Code is currently being reviewed and the issuance of a new CG Code is targeted in 2012 landscape.	final stages of consultation with the relevant stakeholders(as of August, 2011)				Listed Companies 2002	Companies 2006	
Status	Comply or explain	Voluntary	Comply or explain	Voluntary	Voluntary	Comply or explain	Mandatory with some parts, Comply or explain	Mandatory *Some parts are Comply or explain	Comply or explain	Voluntary	Comply or explain	Comply or explain	Mandatory
Website	www.secbd.org	www.csrc.gov.cn/pub/newsite	http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix_14.pdf	Code: www.sebi.gov.in/Index.jsp?contentDisp=Departmentanddep_id=1 www.ciionline.org Guideline: www.mca.gov.in/index.html	http://www.knkg-indonesia.com/KNKGDOWNLOADS/Pedoman%20GCG%20Indonesia%202006.pdf	www.sc.com.my/eng/html/cg/cg2007.pdf	www.secp.gov.pk www.kse.net.pk; www.lse.net.pk; www.ise.com.pk	www.sec.gov.ph	www.mas.gov.sg/resource/fin_development/corporate_governance/Final%20inside%20text%20241008cast.pdf	www.cgs.or.kr/eng/CorporateGovernance.pdf	www.twse.com.tw/ch/listed/governance/download/cg_02_a01e.doc	http://www.set.or.th/en/regulations/cg/files/CGPrincipleforListedCompany2006.zip	www.ssc.gov.vn www.mof.gov.vn
Provenance	Securities and Exchange Commission	China Securities Regulatory Commission	Hong Kong Stock Exchange	Confederation of Indian Industries(CII) Ministry of Corporate Affairs (MCA)	National Committee on Governance	The issuance of the Malaysian Code on Corporate Governance in March 2000 was an industry-led initiative and is in line with the recommendation made by the High Level Finance Committee. The Malaysia Code on Corporate	The Securities and Exchange Commission of Pakistan	The Securities and Exchange Commission	Monetary Authority of Singapore (MAS) Singapore Exchange Limited (SGX)	Korea Corporate Governance Service (KCGS)	Taiwan Stock Exchange, Gre Tai Securities Market	The Stock Exchange of Thailand (SET)	State Securities Commission of Vietnam

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						Governance was revised in 2007 on SC's initiative and active consultation with the industry.							
I-2. Major Organizations That Promote 'Improvement of Corporate Governance'													
I-2.1 Policy making, regulating, supervising, and enforcing authorities													
	Securities and Exchange Commission	Shanghai Stock Exchange; Shenzhen Stock Exchange	The Stock Exchange of Hong Kong Limited (the "Hong Kong Exchange")	Ministry of Company Affairs (MCA)	Bapepam- LK (SEC)	Securities Commission Malaysia	Securities and Exchange Commission of Pakistan (SECP)	Securities and Exchange Commission; Corporate Governance Office (CGO)	Singapore Exchange Limited (SGX)	Ministry of Finance and Economy (MOFE)	Financial Supervisory Commission	The National Corporate Governance Committee (NCGC)	Vietnamese Government
	Bangladesh Bank (Central Bank)	China Securities Regulatory Commission (CSRC)	The Securities and Futures Commission	Securities and Exchange Board of India (SEBI)	Indonesia Stock Exchange (IDX)	Central Bank of Malaysia	The Stock Exchanges	The Bangkok Sentral ng Pilipinas (BSP)	Corporate Governance Council (CGC)	Financial Supervisory Commission (FSC)	Ministry of Economic Affairs	The Ministry of Commerce (MOC)	Ministry of Finance
	The Registrar of Joint Stock Companies and Firms	Stated-owned Assets Supervision and Administration Commission (SASAC)	Financial Reporting Council	Reserve Bank of India (RBI)	Bank of Indonesia (The Central Bank of Indonesia)	Companies Commission of Malaysia	Institute of Chartered Accountants of Pakistan	Philippine Stock Exchange (PSE)	Accounting ad Corporate Regulatory Authority (ACRA)	Financial Supervisory Service (FSS)	Council for Economic Planning and Development	The Securities and Exchange Commission (SEC)	Ministry of Planning and Investment (Provincial Departments of Planning and Investment)
	The Chief Controller of Insurance		Hong Kong Monetary Authority (HKMA)	Department of Public Enterprise	Minister of State Owned Enterprises	Bursa Malaysia Berhad	Pakistan Institute of Corporate Governance	Institute of Corporate Directors	Monetary Authority of Singapore (MAS)	Fair Trade Commission (FTC)	Taiwan Stock Exchange Corporation	The Stock Exchange of Thailand (SET)	State Bank
				Institute of Company Secretaries of India	KNKG	Royal Malaysian Police	State Bank of Pakistan	Department of Finance (DOF)		Korea Exchange (KRX)	Gre Tai Securities Market	The Bank of Thailand (BOT)	State Securities Commission
				Indian Chartered Accountants Institute (ICAI)	KPK	Malaysian Anti-Corruption Commission	Central Depository Company	Office of the Ombudsman			Securities and Futures Investors Protection Center	The Federation of Accounting Professions (FAP) State Enterprise Policy Office (SEPO)	
I-2.2 The existence of an agency or ad-hoc entity that coordinates CG policies within government													
	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				National Foundation of Corporate Governance (www.nfcgindia.org)	National Committee on Governance (KNKG)	1. Securities Commission Malaysia, 2. Companies Commission of Malaysia 3. Malaysian Institute of Integrity 4. Putrajaya Committee on GLC High Performance 5. Corporate Law Reform Committee (CLRC) – 2007 to 2009	1.Securities and Exchange Commission of Pakistan 2.Ministry of Finance	Securities and Exchange Commission	Monetary Authority of Singapore (MAS)	Securities Policy Division, Financial Policy Bureau, MOFE	1.Financial Supervisory Commission 2.Council for Economic Planning and Development	The National Corporate Governance Committee (NCGC)- established in 2002	State Securities Commission
I-2.3 The existence of 'Special Courts' to litigate or challenge matters related to CG													
	No	Yes	No	No	No*	Yes	No*	No*	No	No	No*	Yes	Yes
		Shanghai court of financial Arbitration			*But in corruption case, Corruption Eradication Committee (CEC) works	There are 5 dedicated Sessions Courts which are currently assigned to hear cases brought before them by the Securities Commission, the Central Bank and the Companies Commission as well as corruption cases brought by the Anti-Corruption Commission. The High Court has 3 new commercial courts dedicated to deal with	*But online complaints can be made to SECP or even superior courts of the country	*But, General jurisdiction or Regional Trial Courts can be acting as a special commercial court.			*Chinese Taipei has established a Serious Financial Crimes Chamber within the Taipei District Court.	Bankruptcy Court	Economic Courts

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						commercial cases such as banking, finance, insurance, admiralty and sale of goods.							
I-2.4 The existence of a body that are empowered to mitigate or arbitrate disputes matters related to CG													
	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes
If yes, name of those entities	Securities and Exchange Commission	Committee of the National People's Congress (Law on Labor Disputes Mediation and Arbitration)		1. SEBI is empowered to take action under SEBI Act and Securities Contract (Regulation) Act, 1956 for violation of the provisions of Clause 49 of the Listing Agreement. 2.Serious Fraud Investigation Office (www.sfio.nic.in)	1.Tripartite Organisation consists of government 2.Entrepreneurs organisation 3. Indonesian Capital Market Arbitration Board (BAPMI)	Although there are no specific bodies in Malaysia that mitigate or arbitrate specifically with disputes matters related to CG, there is a body known as the Kuala Lumpur Regional Centre for Arbitration (KLRCA). The KLRCA arbitrates/deals with any dispute, controversy or claim arising out of the parties contracts, provided that there is an arbitration clause in the contract. In this regard, any disputes arising from breach of contract including CG related matter can be dealt with by KLRCA.	1) Securities and Exchange Commission of Pakistan 2) The Stock Exchanges	Company initiated redress mechanism-Management Investigation Committee (MIC)			1.Securities and Futures Investors Protection Center		State Bank; Ministry of Finance; Ministry of Planning and Investment

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
I-2.5 Non-profit institutions that promote better CG practices													
	Bangladesh Enterprise Institute (www.bei-bd.org)	Shanghai Stock Exchange	The Hong Kong Institute of Directors (HKIoD)	Confederation of Indian Industry	Indonesian Institute for Corporate Directorship (IICD)	Malaysian Institute of Integrity (IIM)	Pakistan Institute of Corporate Governance	Institute of Corporate Directors	Securities Investors Association of Singapore	Korea Corporate Governance Service (KCGS)	Securities and Futures Investors Protection Center	The Thai Institute of Directors (IOD)	HoChiMinh Stock Exchange
	Centre for Corporate Governance of Dhaka Univ.	Shenzhen Stock Exchange	The Asian Corporate Governance Association (ACGA)	Associated Chambers of Commerce and Industry of India (ASSOCHAM)	Forum for Corporate Governance (FCGI)	Malaysian Institute of Corporate Governance (MICG)	Securities and Exchange Commission of Pakistan	Institute for Solidarity in Asia (ISA)	Singapore Institute of Directors	Center for Good Corporate Governance (CGCG)	Securities and Futures Institute	The Thai Listed Companies Association (TLCA)	The Listed Companies Association
			The Hong Kong Institutes of Certified Public Accountants (HKICPA)	National Institute of Securities Markets (NISM)	Indonesian Independent Commissioners Association (ISICOM)	Minority Shareholder Watchdog Group (MSWG)	Institute of Chartered Accountants Pakistan	Shareholders' Association of the Phil., Inc., Management Association of the Phil.	SAICSA, ICPAS	Asian Institute of Corporate Governance	Taiwan Corporate Governance Association	The Thai Investors Association (TIA)	
			The Hong Kong Institute of Chartered Secretaries (HKICS)	Institute of Company Secretaries of India	Indonesian Institute of director and commissioner (LKDI)	Malaysian Institute of Directors (MID)	Institute of Cost and Management Accountants Pakistan	Corporate Governance Institute of the Phil (a CG arm of the Philippine Institute of Certified Public Accountants		Hills Governance Center	The Institute of Internal Auditors, Taiwan National Federation of Certified Public Accountants Associations (NFCPAA)	The Association of Securities Companies (ASCO)	
			Hong Kong Law Reform Commission (HKLRC)	National Foundation for Corporate Governance	Indonesian institute of audit committee (IKAI)	Federation of Public Listed Companies (FPLC)	State Bank of Pakistan				Accounting Research and Development Foundation in Taiwan	The Association of Investment Management Companies (AIMC)	
				Indian Institute of Corporate Affairs		1.Malaysian Alliance of Corporate Directors (MACD) 2.Institute of Corporate Responsibility (ICR) 3.Malaysian Institute of Chartered Secretary and Administrator (MAICSA) 4.Malaysian	The Stock Exchanges				Taiwan Futures Exchange Chinese National Futures Association	The Thai Bankers' Association	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						Investor Relation Association (MIRA)							

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
II./III. Shareholders' Rights and Equitable Treatment													
II-1. Shareholder Information													
II-1.1 What periodic information are listed companies required to provide?													
(a) Annual reports	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) Quarterly financial statements	Yes	Yes	Yes*	Yes	Yes	Yes	Yes	No*	Yes*	Yes	Yes	Yes	Yes
	* Quarterly Reports are only required for listed companies		* Main Board companies are only required to publish half-yearly reports. GEM companies are required to publish quarterly reports.					* Quarterly Reports based on Interim Financial Statements are required for listed, registered issuers and public companies	* Quarterly Reports are required for companies whose market capitalization exceeds S$75 million				
II-1.2 What information must be contained in the company's annual report?													
(a) General information on the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) Audited annual financial statements	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Financial status of the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(d) Directors' report on the past and future operations	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(e) Consolidated financial reports	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(f) Information on CG	Yes	Yes	Yes	Yes	Yes	Yes	Yes (mandatory for listed companies only)	Yes	Yes	Yes	Yes	Yes	Yes
(g) Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Recommende	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
Discussion and Analysis									d only (Operating and financial review)				
(h) Shares held by the controlling shareholder (including indirect shares)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(only legal owners)	Yes	Yes	Yes	Yes
(i) Share ownership	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(j) Significant related party transaction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(k) Corporate Social Responsibility	No but report voluntarily	No, but encouraged to listed company	No (now in progress)	No, but CSR voluntary Guidelines 2009 provides that the companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communicatio n media.	Yes	Yes The requirement to disclose on corporate social responsibility can be found in Part A, Appendix 9C, Chapter 9 of Bursa Listing Requirements.	Yes (since 2009)	No, but CSR programs get advertised very prominently on broad sheets	No , but Singapore Exchange has issued sustainability reporting guidelines	No but report voluntarily	Yes, Since 2009, the FSC has released the amendment of "Regulations Governing Information to be Published in Annual Reports of Public Companies" in relation to the disclosure issues of implementatio n CSR	No (But CSR report is on voluntary basis. Currently, CSR report guideline is in process of drafting and will be launched in 2011.)	No
II-2. Shareholders' Participation													
II-2.1 Convening of shareholder meetings													
(a) Time of Notice (days before meeting)	AGM: 14 days (EGM: 21 days)	AGM: 20 days (EGM: 15 days)	AGM and general meetings where a special resolution is proposed: 21 days	AGM: 21 days	14 days	AGM: 21 days	21 days	not less than 2 weeks	14 days (21 days when special resolution is proposed, 28 days where special notice is required)	14 days	AGM: 30 days EGM: 15 days	7 days (public notice: 3 days) 14 days for the meetings to vote on	7 days

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			(all other general meetings: 14 days)									certain issues SEC encouraged listed companies to fully disclose the details of agenda items via their website 30 days prior to the AGM Day. According to the 2010 survey – 53% of listed companies fully disclosed such information.)	
(b) Information contained in the notice	date, time, venue, record date, agenda, proxy form, audited F/S, Directors' Report, proposed general resolution (or special, if needed)	agenda, place, time	agenda, proposed resolution, generally all such information necessary to enable shareholders to make an informed decision as to whether they should attend the meeting or appoint a proxy with instructions on how to vote.	agenda, place, time, statement of the business to be transacted at the meeting Explanatory statement on proposed resolutions	agenda, place, time of the meeting	place, time, agenda, name and signature of the convener, proxy forms, type of meeting	venue, date, statement of material facts in case of special business, proxy form, agenda, proposed resolutions and etc.	date, place, venue of meeting and agenda	agenda, details of proposed resolution	agenda, financial statement, details of the candidates	date, venue of meeting and agenda items, proxy form, proposed resolutions and etc	date, venue, time, agenda, proposed matters, the opinion of BOD, proxy form and etc.	agenda, proposed resolutions; voting proxy

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(c) Thresholds for requesting convening an EGM	10%	10%	5%	10%	10% (joint representation)	10%	10%	None. The SEC, upon petition of a stockholder, may issue an order to call a meeting	10% (two or more shareholders)	3%	3% of the outstanding shares	i) 20% or ii) 25 shareholders holding 10%	10% for at least 6 month
(d) Legal minimum quorum requirements	as per Articles of Association.	50% of participation	2 persons attending in person or by proxy	at least five members personally present	More than 50% company law No.40 2007	2 persons	public listed companies: not less than 10 members present personally, who represent not less than 25% of the total voting power	stockholder representing a majority of the outstanding capital stock is required (more than 2/3 for special resolution)	2 persons	2 persons	a majority vote of the shareholders present, who represent more than 50% of the total number of voting shares (67% for special resolution)	i) not less than 25 persons or ii) not less than 50% of shareholders holding 33%	1st call: 65% 2nd call: 51%
II-2.2 What kind of voting rights may shares have?													
(a) Multiple voting rights	Yes	No	No	Yes	No	No	Yes	No* Cumulative voting is allowed	No	No	No	No	Yes
(b) Removable voting rights	Yes	No	No	No	Yes (if agreement between shareholders and the third party exists)	No	Yes	No, except pursuant to a Voting Trust Agreement	No	Yes	No	N/P	Yes
II-2.3 Can shareholders vote ~													
(a) by proxy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) by mail	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes
(c) by e-mail or other electronic means	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes(since 2009)	Yes	No	No
(d) by telephone/ videoconference	No	No	No	No	Yes	Yes	No	No	No	No	No	No	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(e) any other means?			*(Note) Shareholders holding shares through the Central Clearing and Settlement System can instruct CCASS on how to vote electronically or by telephone using the CCASS Phone Operations Hotline and CCASS Internet System.						The law provides for voting by physical presence (whether personally or through a proxy). Other means could be allowed if they are provided for in the company's articles.				
II-2.4 Do shareholders have the right to vote on ~													
(a) Appointment of Directors	Yes (50%)	Yes (50%)	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (50%)	Yes (the candidate who receive the most votes gets appointed)	Yes (50%)	Yes (50%)	Yes (50%)	Yes	Yes (50%)	Yes (65%)
(b) Removal of directors with cause	Yes (75%)	Yes (50%)	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (50%)	Yes(*)	Yes (67%)	Yes (50%)	Yes (67%)	Yes (67% of attending shares for public companies)	Yes	Yes
(c) Removal of directors without cause	Yes (75%)	No	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (50%)	Yes(*)	Yes (67%)	Yes (50%)	Yes (67%)	Yes	Yes	Yes
(d) Appointment of internal auditors	No	Yes (50%)	No	No	No	No	No	No	No	Yes (50%)	Yes	No	No
(e) Removal of internal auditors	No	Yes (50%)	No	No	No	No	No	No	No	Yes (50%)	Yes	No	No
(f) Endorse the contract between the company and external auditor	Yes (50%)	Yes (50%)	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (ordinary resolution)	Yes(*)	No	No (general meeting appoint external auditors but does not endorse contract)	No*	Yes	Yes (50%)	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(g) Request termination of contract between the company and external auditor	Yes (50%)	Yes (50%)	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (51% or more)	Yes (75%)	No	Yes (50%)	No*	Yes	Yes (50%)	Not mentioned
(h) Authorizing shares	Yes (75%) if amendment of article needed	Yes (50%)	Yes (50%)	Yes (50%)	Yes (more than 50%)	Yes (50%)	Yes (if amendments of articles needed)	Yes (67%)	Yes (50%)	Yes (50%)	Yes	Yes (75%)	Yes (65%)
(i) Issuing shares	Yes (50%)	Yes (50%)	Yes (50%)	Yes (75%)	Yes (more than 50%)	Yes (ordinary resolution)	In case of Right and bonus share Issue the shareholders do not vote. Whereas in case of capital issue (otherwise than right) shareholders vote.	No	Yes	No	Yes	Yes (75%)	Yes (75%)
(j) Is the pre-emptive right the default rule?	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
If so, can the existing shareholders vote for non-application?	Yes (50%)		Yes (50%)	Yes	Yes	Yes , Paragraph 7.08 of the Bursa Listing Requirements states that pre-emptive right will not be observed where directions to the contrary have been given by the general meeting. This implies that ordinary resolution is sufficient.	No	Yes (67%)		No	Yes	Yes (75%)	Yes (75%)

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(k) Amendment to the company articles, charters, bylaws or statutes	Yes (75%)	Yes (67%)	Yes (75%)	Yes (75%)	Yes (minimum 67%)	Yes (75%)	Yes (75%)	Yes (67%)	Yes (75%)	Yes (67%)	Yes (67%)	Yes (75%)	Yes (65%)
(l) Total remuneration payable to the board members	Yes (50%) - however, if the article stipulates that such power is delegated to the board, no need for shareholder approval	Yes	Yes (50%)	Yes (50%) 75%, in some cases.	Yes (more than 50%)	No (but in the process of amendment by CLRC)	Yes (*)	Yes (50%)	Yes (50%)	Yes (50%)	Yes (majority)	Yes (67%)	Yes
(m) Major corporate transaction (acquisitions, disposals, mergers, takeovers)	Yes (50%)	Yes (67%)	Yes (50%)	Yes (75%) For disposal of substantial part of undertaking ordinary resolution is required. For merger , amalgamation or demerger, consent of members majority in number representing three-fourths in value of members, present and voting is required,	Yes (minimum 75%)	Yes Malaysian Code on Take-overs and Mergers (Take-Over Code) For mandatory offer to become unconditional offer, Section 17 of The Take-Over Code provides that the offeror must obtain more than 50% acceptance from the offeree company. Disposal and acquisition of assets under Section 132C of Companies Act 1965 Section 132C of Companies Act 1965 provides for disposal and acquisition of	Yes (75%)	Yes (67%)	Yes (75%)	Yes (67%)	Yes (67%)	Yes (75%)	Yes (65%)

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						companies' assets and this can be done by way of ordinary resolution. Scheme of arrangement In the case where take-overs and mergers are affected by way of scheme of arrangement, 75% majority is required as provided under Section 176 of Companies Act 1965. Voluntary de-listing A listed company which is going for voluntary de-listing must obtain 75% majority. This is provided for under Paragraph 16.06 Bursa Listing Requirements.							
(n) Transaction with the related parties (materially important one)	Yes (50%)	Yes (50%)	Yes (50%)	Yes for some RPTs (like disposal of undertaking etc.) 50% consent is required. New Companies Bill proposes approval of Shareholders to certain RPTs.	Yes, RPTs that have conflict of interest, must be approved by more than 50% of shares of independent shareholders.	Yes (50%)	Yes (75%)	Yes (67%)	Yes (50%)	No	Yes	Yes (75%)	Yes
(o) Changes to the	Yes (75%) - followed by the	Yes (50%)	Yes (75%)	Yes (75%)	Yes (minimum 67%)	Yes (75%)	Yes (75%)	Yes (67%)	Yes (75%)	Yes (67%)	Yes, if this requires an	Yes (75%)	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
company business or objectives	ratification from the high court*										amendment of the articles		
	*For change of the company objective, the company needs to send notice 21 days prior to the meeting						* No percentage has been specified in the law			* Contract between the company and external auditor is strictly prohibited		* 75% of the numbers of shareholders attending the meeting who also have 50% of the shares held by the shareholders at the meeting	
II-2.5 How are votes counted and by whom at the shareholders meeting?													
	show of hands or by poll, unless the board appoints an election commissioner, the chairman of the meeting will count the vote	in accordance with the company's Charter	by poll.	show of hands or poll Poll can be demanded by any member or by proxy holding 1/10th of the total voting or shares in which not less than Rs. 50,000 has been paid up,	votes are counted by tally system (by public notary)	show of hands or poll; votes are counted by auditors	show of hands or by poll, the chairman would count and announce the result	show of hands or polls. counting by the corporate secretary. For bigger companies, this will be performed by a professional stock and transfer agent which is typically a representative of a commercial banking institution or by an external auditor	show of hands or poll counting by the company secretary	show of hands or poll, counted by the chairman	show of hands or by poll; the chairman could designate a person to count votes, report and record the results	show of hands or polls. However, in 2010 there are 98% of listed companies apply vote by poll。Generally votes are counted by the company staff but SEC encourages to appoint an inspector	By poll, Counting Vote Committee proposed by Chairman of the SE and approved by the Shareholders meeting.
II-2.6 Does the law provide for the disclosure of voting agreements?													
	No	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
II-2.7 How can shareholders directly nominate candidates for the board of directors?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	No special procedure required	BOD, Board of Supervisors, and 1% shareholder (single or combined) have right to nominate directors and independent directors at AGM	A qualified shareholder (having 5% of the company's paid-up capital) wishing to nominate a director must give the company at least 7 days' notice prior to AGM.	A shareholder can give a notice containing details of the candidate to the company not less than 14 days before the meeting; deposit of 500 Rupees needed (refundable if elected)	It depends on the Articles of Association	Shareholders can nominate candidate to the board through the procedure set out in Section 151 of Companies Act 1965. This Section provides that any shareholder or shareholders with 5%shares or more can requisition the company to circulate shareholders resolution. This therefore provides the means for shareholders to nominate directors to the board.	No nomination procedure is specified in the law	No special procedure required by law. Company By-laws provide for the procedures.	2 or more shareholders owning 10% or more can call meetings and shareholder owning 10% or more can propose resolution to appoint directors	shareholders no less than 1% for over 6 months can make a proposal to nominate candidates	any shareholder holding 1% or more may submit to the company in writing a roster of director candidate(s) (candidate nomination system)	Shareholders holding 5% or more may submit matters to company for consideration to include in the shareholders notice, such matters may be including the nomination of directors.	Shareholders holding more than 10% or a smaller percentage as provided by Company's charter of the outstanding shares for over 6 month can request through written request
II-2.8 To what extent and how does the board of directors nominate candidates for the board?													
	In case of casual vacancy the board can appoint any person eligible to be director. The appointee will serve the remaining terms.	BOD, Board of Supervisors, and 1% shareholder (single or combined) have right to nominate directors and independent directors at AGM, in practice the controlling shareholder nominates	the Code on Corporate Governance Practice recommends to establish 'Nomination Committee.' In the absence of such committee the BOD has responsibility.	The board of directors appoint the directors: Additional directors may be appointed when the articles of association of a company empower its directors to appoint additional directors. Additional director shall serve up to the next AGM.	the Code on Corporate Governance recommends that the 'Nomination Committee appoints the candidate to be approved by shareholders in general meeting	the Articles of a company often allow the board to appoint any directors when there is a casual vacancy	The BOD does not nominate the directors but only fixes the number. In case of casual vacancy the BOD appoint the director to be functional until the end of term of the vacating director	The BOD will elect in the event of a vacancy. Normally, the management nominates the candidate(s) and the shareholders would approve.	Nominating Committee is recommended by the Code	Nominating Committee is compulsory for large listed companies by The Capital Market & Financial Investment Business Act (more than KRW 2 trillion)	the candidate nomination system can be adopted by the company; the BOD shall examine or screen the information of each director candidate	BOD proposes the candidates, BOD proposes the candidates directors (the CG Principles recommends listed cos. to establish 'Nomination Committee for proposing	In case of insufficient nominees proposed by shareholders, the board can nominate candidates. In case of vacancy, the board can appoint the 'Additional director.' He/she

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				Directors in casual vacancy: Companies Act 1956								opinion to BOD), Shareholders Meeting elects all.	will only serve until the next shareholders meeting
II-2.9 Can shareholders place items on the agenda of the shareholders meeting?													
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No*	Yes	Yes	Yes	Yes	Yes
If yes, how?	by sending a written notice to the company asking for EGM and place his/her agenda	10 days prior to the meeting	6 weeks before the meeting if the requisition requires notice of resolution; otherwise, 1 week before the meeting	resolutions 6 weeks prior to the meeting	Shareholders write a formal letter about AGM agenda to BOD --> BOD then put the agenda on 'notice to shareholders'	send statement; 6 weeks prior to the meeting	written notice with the supporting statement	* Not as a matter of right. The board fixes the agenda and it is up to the board to include any such initiatives.	written statement submitted to the company and the board has 28 days to respond (failing which shareholders can call the meeting themselves)	shareholders may make a proposal to directors in writing	By sending a written notice to the company ,the shareholder who submitted a proposal shall attend the meeting	Shareholders may submit written proposal in order to request BOD to include such proposal as an agenda for the shareholders' meeting.	the qualified shareholders may submit written request within three working days prior to the meeting
Threshold for making shareholder proposal	(requisite share) 10%	3% (single or combined)	2.5% of the total voting rights or at least 50 shareholders (average sum of $2000)	*Section 188 of Companies Act 1956 provides that* (a) such number of members as represent not less than one-twentieth of the total voting power of all the members having at the date of the requisition a right to vote on	(requisite share) 10%,	5% or 100 shareholders (average paid-in capital of RM 500)	(requisite shares) 10%. In case the EGM is requisitioned by the shareholders proposal should be submitted together with the requisition. In any other case shareholder must make proposal at least 15 days		10% of total voting power	1% held over 6 months, 6 weeks prior to the meeting	1% threshold, one matter per single proposal	At least 5% of total number of voting rights can propose agenda items	Shareholders or group of shareholders who hold 10% or a smaller percentage as stipulated in the Company's Charter of the outstanding for more than

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				the resolution or business to which the requisition relates; or (b) not less than one hundred members having the right aforesaid and holding shares in the company on which there has been paid up an aggregate sum of not less than one lakh of rupees in all. May give to the members notice of any resolution which is intended to be moved at that meeting; or ; circulate to members entitled any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution, or any business to be dealt with at that meeting.			before the EGM						6 month
Prohibited items	cannot claim for gift, allowance or food	The items must be within the scope to be decided by the	none	shareholders cannot ask for final dividend before the same has	none (it depends on Article of Association)	companies are not bound to circulate members' resolution	none		none(but must be properly requisitioned before the meeting)	none	if the subject matter of the proposal cannot be settled or	items not related to the operation of the	N/A

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
		shareholders		been recommended by the BOD		where the rights are being abused to secure needless publicity for defamatory matter					resolved by the resolution; in case a proposal contains more than one matter, such proposal shall not be included in the agenda; any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting.	company	
				shareholders cannot resolve for enhancement of rate of dividend								items which are beyond the power of the company	
												Items proposed within 12 months and obtained support less than 10% of issued shares	
II-2.10 Does the law restrict voting power of the treasury stocks held by the company?													
	No treasury stocks allowed	No treasury stocks allowed	No treasury stocks allowed	No treasury stocks allowed	Yes, voting power restricted	Yes, not taken into account when calculating exercised votes or quorum	Yes (the shares purchased by the company shall not be resold and shall be cancelled forthwith)	Yes, voting power restricted	Yes, voting power restricted	Yes, voting power restricted	Yes, voting power suspended while held as treasury stocks	Yes (do not constitute quorum nor have the right to vote)	Yes, not taken into account when calculating exercised votes or quorum
II-2.11 Are the institutional investors required to disclose their voting policies and required to disclose their actual voting?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	No	No	No	Yes. Asset management companies for concerned Mutual Funds need to disclose their voting policies in the Annual reports as per SEBI circular dated March 15, 2010.	No.(but the Guide of Best Practices for Institutional Shareholders (issued by MSWG and the Institutional Shareholder Committee) recommends for institutional shareholders to have appropriate disclosure in relation to voting and investment policies)	No	No	No	No	Yes (Asset Management Companies should publish details of the voting)	Mutual funds are required to disclose their voting policies but not the actual voting	Yes (both the policy and actual voting record)	No
II-2.12 Are there voting caps for the majority (or controlling) shareholders?													
	No	No (But the controlling shareholders are prohibited to vote on any issues related to their interests such as related-party transactions)	No. However, the shareholders who have a material interest in the transaction are not allowed to vote in the resolution to approve the transaction.	No	No. However, in case of EGM which is held due to conflicts of interest, the decision should be made only by independent shareholders)	No, however where the shareholders are approving a related party transaction, both the Companies Act 1965 and Bursa Listing Requirements provides that interested party in that transaction are not allowed to vote in approving that transaction.	No	No	No, unless the shareholders have an interest in such transaction	Yes (any shareholder who holds more than 3% may not exercise his/her right in excess of those shares regarding certain items such as the election of auditors and others)	No	No (Any shareholders who has special interest in any matter shall have no right to vote on such matter, except in the election of directors.)	No
II-3. Share in the Profits of the Corporation													
II-3.1 Does law or regulation provides for timely payments of dividends to the shareholders?													
	Yes	No	No	Yes	No, but the company law requires Article of Association to specify procedure for dividend	Yes	Yes	Yes	No	Yes	No	Yes	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
					payment								
If so, how?	the dividend must be paid within 30 days of approval.			the dividend must be deposited in a separate bank account within five days and to be paid within 30days from the declaration		The Exchange provides an e-Dividend service (Payment of Electronic Cash Dividend) which allows a listed company to pay cash dividend entitlements directly into the depositor's bank account instead of making payment via bank cheques. This is provided under Rule 21.10 and Rule 13.03 of Rules of Bursa Malaysia Depository Sdn Bhd.	after the declaration, the dividend needs to be paid within 45 days (listed companies) and 30 days (non-listed companies)	must be distributed within reasonable time A new law, Real Estate Investment trust Act provides that a REIT must declare at least 90 % of its distributable income as dividends not later than the last working day of the 5th month following the close of the fiscal of the Reit.		the dividend must be paid within one month after declaration		the dividend must be made within 1 month from the shareholders' resolution	
II-3.2 Which body is responsible for declaring, approving and issuing dividends?													
	BOD and Shareholders Meeting	Shareholders Meeting	BOD (for interim) and Shareholders Meeting	BOD and Shareholders Meeting	BOD and Shareholders Meeting	BOD and Shareholders Meeting	BOD and Shareholders Meeting	BOD BOD; stock dividends are subject to stockholders' ratification	BOD for interim dividends and shareholders for final dividend	Shareholders Meeting	BOD and Shareholders Meeting	Interim dividend :BOD; Year-end dividend :Shareholders Meeting	BOD proposes and the general Shareholders meeting approves.
II-4 Corporate Control													
II-4.1 Thresholds for notification in case of substantial acquisition of shares.													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	10%	5%	5% (need to disclose within 3 business days)	5%, 10% or 14% (need to disclose within 2 days) --> for details see www.sebi.gov.in	5% (need to disclose within 10 days)	5%	10% (need to disclose within 2 working days of the acquisition)	5%;10% and any change of the 10%	5% and any further acquisition of 1% of shares	5%	10%	5% of common shares (this rule also applies to convertible securities holders whose stakes will be 5% or more, if converted)	5% for public companies
II-4.2 Thresholds requiring a mandatory offer for all shares at a particular price.													
	90%	30%	i) 30% or more of the voting rights; ii) any person holding between 30% and 50% increases his/her holdings by more than 2% during a 12 month period	i) 15% or more of the voting rights; ii) any person holding between 15% and 55% increases his/her holdings by more than 5% during a 12 month period (iii) above 55%, any acquisition require to give a minimum offer of 20%. SEBI Board has decided to amend the existing take-over code by inter-alia amending the initial trigger threshold to 25 % from the existing 15 %. and mending the minimum offer size from	50%	more than 33% but less than 50% and such acquirer in any period of six months more than 2% shall extend an offer to the remaining shareholders (some exemptions exist)	25%	i) any person (or group) intend to acquire 35% or more; or ii) if any acquisitions of even less than 35% would result in ownership of over 51% of the total outstanding equities	30% but not more than 50%	a person who intends to acquire more than 5% within 6 months from not less than 10 persons should purchase shares through tender offer	Acquisition of 20% within 50 days	25%	25%

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				the existing 20 % of the total issued capital to 26 % of the total issued capital.									
II-4.3 Under what circumstances do shareholders have pre-emptive rights to purchase company shares?													
	Pre-emptive right in case of Right Issuance, but no pre-emptive right in case of 'Increase of Share Capital'	Issuance of new shares to increase capital	Normally shareholders do not enjoy pre-emptive right, but the shareholders have pre-emptive right to issuance of new shares	Issuance of new shares to increase capital	Pre-emptive right in the case of **Right** Issuance	all new shares or other convertible securities shall be offered to members of the company	Pre-emptive rights in case of Right Issuance	A corporation may deny shareholders of their pre-emptive right in the articles of incorporation or by amending its articles and thus shareholders would not be entitled as a matter of right.	only on right issuance	shareholders have pre-emptive rights for the issuance of new shares, except for qualified acquisition, merger, public offering and private placement	Issuance of new shares, but the Competent Authority may require 10% of its new issues to be offered (market value) to the public or a higher percentage determined by shareholders meeting	Pre-emptive rights in case of Right Issuance	Issuance of new shares, to be voted at the shareholders meetings
II-4.4 Does your jurisdiction allows defence tools against any takeover threats?													
(a) Poison Pills	No	Yes	No	Yes*	No	No	No	Yes*	No	No	No	No	Not mentioned
(b) Golden Shares	No	No	No	No	Golden shares (mostly owned by the Government) exist in a few companies of strategic importance	Golden shares (mostly owned by the Government) exist in a few companies of strategic importance	No	Yes*	No	No	No Golden shares exist in some case where state-owned enterprises release stocks to the public (mostly owned by the Government) white knights, super voting stocks and etc	No	Not mentioned

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(c) Other defence tools		Anti-takeover clause could be incorporate into the company's charter (Mutual holding system allowed, MBO, adopting anti-takeover measures in the Company's charter)				The Malaysian Code on Takeovers and Mergers prohibits the frustration of offerors by a BOD			Frustrating actions are not allowed during an offer if the board of the offeree company has reason to believe that a bona fide offer is imminent, without the approval of shareholders at a general meeting.	staggered board	According to market practices, offeree companies may raise new capital or pursue a firindly merger to dilute the percentage of bidder's holding.	Protective takeover measures shall receive prior approval at the shareholders' meeting.	
				* up to the company				*these are allowed but need to be structured as private agreements between major shareholders					
II-4.5 Do the dissenting shareholders enjoy 'appraisal right (mandatory buy-back plan)'?													
	No	No	Yes. A shareholder can require the acquiring company to purchase his/her shares at the original offer price for up to two months from the notice from the acquiring company that it holds more than 90% of the shares	No	Yes	Yes, upon take-over, the dissenting shareholders are entitled to request the names and address of other dissenting shareholders	Yes. But only possible through the shareholders' resolution	Yes. The shareholder must register his dissent at the meeting where the meeting is taken up.		Yes. shareholders who dissent major corporate transactions can request company to buy back their shares	Yes. A shareholder, who has served a notice in writing expressing his intention to object to such an act prior to the adoption of a resolution and also has raised his objection at the shareholders' meeting, may request the company to buy back all of his shares at the then prevailing fair price	Yes. The takeover code stipulates that the price offered in the takeover bid shall not be less than the price the tender Offeror paid to any shareholder within the period 90 days prior to the takeover bid. Moreover,	Yes, shareholders who dissent major corporate restructure can request company to buy back their shares

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
												the minority shareholders are entitled to receive opinion from Independent Financial Advisor (IFA) who is independent from the offeror	
		The guidelines of listed companies' charter requires the protection of dissenting shareholders but provides no specifics			Capital Market and Financial Service Supervisory Agency Rule Number XI.H.1	The Act gives power to the transferee company to give notice to the dissenting shareholders that it desires to acquire his/her shares	dissenting shareholders enjoy 'appraisal right' with respect to merger						
II-4.6 Upon de-listing, what kind of legal protections do the minority shareholders enjoy?													
	No specific protection other than being traded in OTC market	'The Rules for Implementation of Suspending and Terminating the Listing of Failing Listed Companies' requires that the de-listing company should disclose related information of the company	Upon de-listing, a public company must continue to comply with the Takeovers Code.	If delisted by an exchange, the promoter shall be liable to compensate the security-holders through reverse book-building process	Majority shareholders are required to buy back the shares held by the minority shareholders	Upon de-listing shareholders including minority shareholders depending on the circumstances, have the right to seek various remedies under the Companies Act. For example, where fraud has been committed against the company the minority	Upon voluntary delisting, majority shareholders / sponsors are required to buy-back all the shares at a specific price.	No specifics in the law. Under the PSE rules, a listed company applying for delisting should notify all shareholders and tender offer must be made to all shareholders of record. The listed company is also required to submit a fairness opinion or valuation report.	For a voluntary delisting under the listing rules, shareholders' meeting need to be convened and approved by 75% or more with no more than 10% voting against; SGX requires a reasonable exit offer and an independent financial adviser be appointed (there are	the Exchange may permit trading of de-listed securities during the specified period	shareholders of a company resolving in a board meeting or shareholders' meeting for de-listing from the securities exchange may request the directors and supervisors of the company to purchase their shares (there exists price formula)	The company must appoint IFA in the event of de-listing. There must not be shareholders with voting rights more than 10% objecting de-listing. Upon tender offer, there exist	No specifics in the law

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						shareholder can initiate a statutory derivative action under Section 181A of the Companies Act. Further, minority shareholder can also initiate an action for oppression or unfair prejudice under Section 181 of the Companies Act. A minority shareholder may also petition the court to wind up the company on the grounds that the affairs of the company has been conducted in an unfair or unjust manner: -Section 218(1)(f) of the Companies Act; or -on the basis that it is just and equitable to do so under Section 218(1)(i) of the Companies Act. Further, the Listing Requirements for additional			other means of delisting provided for under the Companies Act with different provisions)			formula to guarantee 'fair pricing'	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						legal protections depending on the type of delisting:- a) Voluntary de-listing Paragraph 16. 06, Chapter 16 of the Bursa Listing Requirements, provides that amongst others a public listed company must obtain the shareholder approval of 75% and the shareholders must be offered a reasonable cash alternative or other reasonable alternative. The company must also appoint an independent adviser to advise and make recommendations for the consideration for the shareholders on connection of the de-listing as well as the fairness and reasonableness of the exit offer. b) Involuntary de-listing								

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						Before the Exchange de-lists a company through the involuntary route, the company must regularize itself within 12 months from the date it becomes a PN17 Company. All the regularization details are dealt with in Chapter 8 of Bursa Listing Requirements.							
II-5. Shareholders' Redress													
II-5.1 How can shareholders seek legal redress if their rights are violated?													
(a) Derivative action	No	Yes (requisite shares: 1%)	Yes	Yes (i)Company having a share capital; not less than one hundred members of the company or not less than one-tenth of the total number of its members, whichever is less or any members or members holding not less than one-tenth of the issued share capital of the company, provided that the applicant or applicants	Yes	Yes	No	Yes	Yes	Yes (1% + 6 month)	Yes (3% + 1 year)	Yes (requisite shares - 5%)	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				have paid all calls and other sums due on their shares (ii)Company not having a share capital: not less than one-fifth of the total number of its members									
(b) Direct individual action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, if the statute permits or by nature entertains such an individual claim	Yes	Yes
(c) Class Action	Yes	No	No. Proposal to allow class action under consideration.	Yes (requisite shares: 10%) Companies Bill proposes enabling provisions for class action suits.	Yes	No	Yes	Yes	No	Yes	Yes, through Securities and Futures Investors Protection Center	No (in the process of introducing. Currently, Class Action Lawsuit was approved by the cabinet and will be proposed to the parliament for consideration)	No
(d) Any other suits or protections?	Shareholder having 10% or more can seek the protection of the court (The Companies Act sec. 233)		Right to file petition for relief if the company is operated in a manner unfairly prejudicial to the minority shareholders	Reimbursement of expenses incurred with a legal proceeding can be given to the recognised investors associations from Investor protection	Out of court dispute settlement services through Indonesian Capital Market Arbitration Board (BAPMI)	Section 181E (1) (c) of Companies Act 1965 states that the court may make such order as it thinks fit including requiring any person to	*(Threshold: more than 20%) Right to file petition to wind up the company on just and equitable grounds	Alternative Dispute Resolution system (under the revised CCG)	Statutory derivative action is currently not available for public companies but this is likely to be changed.		If the BOD decide by resolution, to commit any act in violation of any law, ordinance or the company's Articles of Incorporation, any shareholder	Shareholders may request the court to order wrongdoing director removed from the company. In	Administrative actions

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				fund, in case of specified legal proceedings.		provide assistance and information to the complainant including to allow inspection of companies' books.					who has continuously held the shares of the company for a period of one year or longer may request the BOD to discontinue such act.	addition, the court shall be empowered to order the company to compensate shareholders for actual expense as the court thinks fit;	
			Right to apply to the Financial Secretary for an 'Inspector' in order to investigate the company's affairs (threshold; 100 shareholders holding at least 10% of the company's issued share capital)				*(Threshold: more than 5%) Right to file complaint for taking cognizance of an offence under company law				Shareholders who have been continuously holding 3% of the outstanding shares of a company for one year or longer may apply to the court for appointment of inspector to inspect the current status business operations, the financial accounts and the property of the company.		
			Right to file petition to wind up the company on just and equitable grounds				*(Threshold: less than 10%) Enforce their claims in civil cases by suing for tortuous loss in accordance with general laws						

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
II-5.2 Are lawyer contingency fees allowed?													
	No	Yes	No	No	No	No	No	Yes	No	Yes	Yes	No	Yes
II-5.3 Who pays the legal fees of the prevailing party?													
	prevailing party	losing party	losing party	each party pays his/her own fees	prevailing party	as the Court order	as per the court order	losing party	losing party(subject to Court adjudication)	losing party	prevailing party	as per the court order	losing party
II-5.4 Does the minority shareholder enjoy a right to 'Demand Inspection of Books and Records' of the company?													
	Yes (The government can appoint an inspection team if shareholders having 10% voting right applies)	Yes	Yes	Yes (All the shareholders can inspect certain registers including register of members, debenture holders, directors, their interests and shareholdings etc.)	Yes	Yes Section 181E (1) (c) of Companies Act 1965 states that the court may make such order as it thinks fit including requiring any person to provide assistance and information to the complainant including to allow inspection of companies' books.	Yes	Yes	Yes (statutory records only, such as registers of members, substantial shareholders; debenture holders, directors' shareholdings, etc.)	Yes	Yes	Yes	No
II-6. Insider Trading													
II-6.1 Penalties attached to the offense of insider trading/stock price manipulation?													
(a) Civil liability	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) Fines	Yes	Yes	Yes	Yes	Yes (up to Rp 15 million)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Imprisonment	Yes	Yes	Yes (up to 10 years)	Yes	Yes (up to 10 years)	Yes	Yes (a person shall be punishable with imprisonment for a term which may be extended to three years)	Yes	Yes	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(d) Others	Cancellation of license of registered entity		The court can impose wide range of penalties to the individual(s) found to be involved in inside trading	SEBI may pass any sanctions including sanctions debarring the persons from dealing in capital markets etc.	Administrative sanction	In the case where licensed person commits or aids any stock manipulation, the SC may take administrative against him for improper conduct as licensed person, notwithstanding criminal or civil action taken against him. Administrative sanctions that can be taken include revocation or suspension of licence-see section 65(1) and 72 of Capital Markets and Services Act 2007.	Cancellation of registration of broker/agent and removal from office of director/auditor /advisor/consultant/executive officer.		Civil penalties	Administrative and/or criminal penalty		Administrative sanctions	Confiscation of properties
II-6.2 Please list the bodies or institutions tracking stock-market activity using statistical or computer-based methods													
	Surveillance Department of Stock Exchange	Shanghai Stock Exchange	The Securities and Futures Commission	Securities and Exchange Board of India	Indonesian Stock Exchange	Bursa Malaysia	Karachi Stock Exchange	Securities and Exchange Commission	Singapore Exchange Limited	Korea Exchange	Financial Supervisory Commission	Stock Exchange of Thailand (SET)	State Securities Commission
	Securities and Exchange Commission	Shenzhen Stock Exchange	The Stock Exchange of Hong Kong Limited	Bombay Stock Exchange		Securities Commission Malaysia	Lahore Stock Exchange	Philippine Stock Exchange		Financial Supervisory Commission	Taiwan Stock Exchange Commission		Securities Trading Centres HoChiMinh Stock Ẽxchange
		(http://finance.sina.com.cn)		National Stock Exchange of India	Private Institutions (RTI, IQ Plus, Stock watch)		Islamabad Stock Exchange			Financial Supervisory Service	GreTai Securities Market		
					Bapepam and LK Surveillance division		Monitoring and Surveillance Department of SEC of						

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
							Pakistan						
II-7. Related-Party Transactions													
II-7.1 Does the legal and regulatory framework provide for the disclosure of related-party transactions?													
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Any thresholds?	No	(natural person) transaction more than 0.3 million RMB (entity) transaction more than 3 million RMB	Listed companies must disclose related-party transactions where i) each of the percentage ratios is more than 0.1%; ii) more than 1% and the transaction is only related because it involves a person who is a connected person by virtue of his relationship with the company's subsidiary(ies) or iii) each of the percentage ratios is on an annual basis equal to or more than 5% and the total consideration is more than HK$1 million. Transactions that fall under one of the allowed exemptions need not be disclosed.	No	Any RPT more than 0,5 % of paid of capital and exceed 5 billion rupiahs must be announced publicly while less than 0,5 % of paid of capital and exceed % 5 billion rupiahs must be disclosed to Bapepam-LK no later than 2 days after the transactions If the value of RPT exceeds 1 billion rupiah, the identity of counter party and the value of the transaction have to be disclosed in notes to Financial Statements.	Under paragraph 10.08, Chapter 10 of the Bursa Listing Requirements, where an RPT is equal or exceeds 0.25% threshold, the listed issuer must make an immediate announcement to the Exchange. The above requirement will not apply where the value of consideration is less than RM250, 000 or if it is a RRPT. Where the threshold exceeds 5% or more, the listed issuer is required to obtain shareholder approval. In relation to RRPT, a listed issuer must make an immediate announcement : A. if it's issued and paid-up capital of	All related party transactions are to be disclosed. It is now part of the annual reports of the list companies	All related party transactions must be disclosed 1. Disclosure under the PSE's comprehensive disclosure document	Directors must disclose conflicts of interest to the BOD. The company is required to disclose any interested person transaction of a value equal to, or more than, 3% of the group's latest Net Tangible Asset. Where the threshold exceeds 5%, shareholders' approval is required.		1. Acquisition of real property from a related party, 2.merger, demerger, acquisition or transfer of shares (regardless of whether it is a related-party transaction). 3. asset transaction ≥ 20% of paid-in capital or NT$300million (regardless of whether it is a related-party transaction).	All related party transactions must be disclosed in the annual report; however, the information disclosed may be classified by each connected person and type of transactions.	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						RM60 million and above, subject to the following threshold conditions: a. Paragraph 10.09(a)(i), the cost of RRPT is RM1 million or more; or b. In Paragraph 10.09(1)(a)(ii), the percentage ratio for RRPT is 1% or more; whichever is higher between the two B. if its issued and paid-up capital is less than RM60 million, it will be subjected to the same threshold conditions as above, whichever is lower.							
		Administrative Measures for the Disclosure of Information of Listed Companies	*percentage ratio includes Asset Ratio, Profits Ratio, Revenue Ratio, Consideration Ratio and Equity Capital Ratio			*RRPT (Recurrent Related Party Transaction) Immediate disclosure of RRPT is required where the issued and paid-up capital of the listed issuers is RM60 million and above							
II-7.2 Must related-party transactions be approved by the shareholders and/or the board of directors?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	Yes	Yes (if the company charter requires or if the amount is up to the disclosure standard))	Yes(if the value is equal to, or exceed 5% of an issuer's total assets or revenue, or where the above percentage ratios are equal to or more than 25% and the purchase price is greater than HK$10 million)	Yes, BOD. Certain RPTs require shareholder approval, for example to dispose substantially of all the company's' assets.	Yes (must be approved by Independent Shareholders if meeting certain conditions)	Yes	Yes (Including price determination mechanisms, arm length basis, disclosure of information and keeping of record.)	No. Needs BOD approval	Yes (if the value is equal to, or more than 5% of the latest audited net tangible asset	Yes	Yes (For instance, where the aggregate transactions taken place between all subsidiaries of a financial holding company and the related-party reach a certain amount or a certain percentage, the financial holding company shall, within 30 days after the end of each quarter in each fiscal year, report to the Competent Authority, and disclose the same via public announcement, the Internet..)	Yes (BOD's approval: if transaction > 1 million Baht but < 20 million Baht or > 0.03% but < 3% of the net tangible asset value, whichever is higher shareholders' approval: if transactions ≥ 20 million Baht or ≥ 3 % of net tangible asset value, whichever is higher.)	Yes(BOD's approval for transactions less than 50% of total assets recorded in the latest financial report, GSM's approval for others)
II-7.3 Are related persons required to abstain from voting on the transactions?													
	Yes	Yes	Yes	Yes Interested directors need to abstain from voting in case of transactions in which he/she is interested or concerned.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
IV. The Role of Stakeholders													
IV-1 Employees' Right													
IV-1.1 What are the rights of employees regarding ~													
(a) Information on the company	No	Yes	No	Yes*	Yes	Yes	Yes*	No	No	No	No	Yes	No
(b) Collective Bargaining	Yes	Yes	No	Yes*	Yes	Yes	Yes*	Yes	No Restrictions	Yes	Yes (if unionized)	No Restrictions	Yes
(c) Participation in the board of directors	No	Yes	No	No	No	No	No	No	No	No	Yes (except in stated owned enterprises, at least 1/5 of the directors who represent state capital shall be recommended by the relevant labor union)	No Restrictions	No
(d) Consultation	No	Yes	No	No	Yes	Yes	No	No	No Restrictions	Yes	No	No Restrictions	No
				*These rights are recognized under labor laws			*These rights are recognized under labor laws						
IV-1.2 Can employees participate in the company's profits by ~													
(a) Share Ownership Program (ESOA)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*	Yes	Yes	Yes	Yes *	Yes*
(b) Share Options	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes *	Yes
(c) Profit sharing schemes	Yes	Yes*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		*Equity based incentives			Regulated on Company Law No.40 2007 and PBI 8/4/PBI/2006	Bursa Malaysia regulates the size of Employee Stock Option Schemes and eligibility		*Employee Share Purchase Plan (ESPP)				*Depend on each company's policy *Employee Joint Investment Program (EJIP)	*Employee Stock Option Plan (ESOP)

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
IV-1.3 Who manages employee pension funds?													
	Trustees of fund	Financial entities	Fund managers or trustees	Pension scheme formulated by the Government of India	Company or the 3rd party	Employees Provident Funds (EPF)	Board of Trustee (or Pension Fund Board)	trustees are appointed by the senior management	The Central Provident Fund (CPF)	private asset management company or Company	Labor Pension Fund Supervisory Committee	(licensed) Asset Management Company	Vietnam Social Insurance Agency
IV-1.4 What priority do employee wages and benefits have in the event of insolvency?													
	Second after the government dues	First in order	Second after the liquidators charges and costs	the workmen's due rank equally with that of secured creditors	priority	wages and salaries ranks second after the cost and expenses of winding up	Second in priority	Second in priority after the government dues	wages and salaries ranks second after the cost and expenses of winding up	First priority for the last 3 months wages	second after professional expenses for bankruptcy proceedings and debts for the common good of creditors	Third in priority	Second in priority
IV-1.5 Do employees have access to internal redress mechanisms (mediation/arbitration) in case of violation of their rights?													
	Yes	Yes	No	Yes Industrial Disputes Act 1947 provides for mechanism for internal redress mechanism through conciliation. In addition to this, Trade Union Act 1926 also makes provision for the re-dressal.	Yes 1.Tripartite Organisation consists of government 2.Entrepreneurs organisation and labour union	Yes They can seek redress in court and/or through internal redress mechanism according to Industry Relation Act 1967	Yes Allowed under the law and may also be prescribed through the employment contract	Yes. The law mandates that mediation be taken before the court proceedings (company internal redress procedure and company-initiated redress mechanism)	Yes, through unions generally for bargainable staff (i.e., non-professional staff)	Yes, via collective contract with employer and Arbitration Committee	Yes, through the union or a group of ten or more workers who are not in the union and have the same claim may bring the case to the Conciliation Commission or apply for arbitration with the competent authority of the municipality.	Yes depends on the company's procedure concerning the complaints of employees or through the Central Labour Court	Yes through labour unions
IV-1.6 Does the legal and regulatory framework provide for the protection of 'Whistle Browers'?													
	No	No	No. The ICAC Guide below is voluntary.	Yes under Clause 49 as a non-mandatory requirement	Yes	**Capital Markets and Services Act 2007** (CMSA) Section 321 of CMSA provides for statutory protection for certain categories of employees to inform the SC	No	No. A proposed bill on this is still pending with Congress.	No	Yes	No specific provision.	Yes	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						and the Exchange of any information relating to breaches of securities laws and rules of stock Exchange. **Companies Act 1965** The 2007 Amendment to the Companies Act resulted in the incorporation of section 368B which provides that the company shall not remove, demote or discriminate against an officer who has reported to the Registrar or the Commission of a serious offence involving fraud, dishonesty against the company or a contravention of the Companies Act. **Whistleblowers Protection Act 2010** To encourage informants to disclose								

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						corruption and other misconducts, Parliament had passed the Whistleblower Protection Act 2010.							
			Good Governance and Internal Control – A Corruption Prevention Guide for Listed Companies 2008		Code of Whistle-Blowing System in 2008 Law on Witness Protection (UU no. 13 2006)	The Companies Amendment Act 2007	*It has been proposed by the draft Public Sector Companies (Corporate Governance) Regulations.			Financial Investment Services and Capital Market Act 2009		Section 89/2 of amended Securities and Exchange Act	
										Act on External Audit of Stock Companies			
										Anti-corrupt Act			
IV-2. Creditors' Right													
IV-2.1 Are creditors involved in governance in the context of insolvency?													
	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	The creditors can nominate liquidator and also appoint committee of inspection in case liquidation as per companies act		in a voluntary liquidation, the creditors may nominate a liquidator called the "provisional supervisor"	The creditors can nominate liquidator and also appoint committee of inspection in case liquidation as per companies act	Company Law No.40/2007 Bankruptcy Law No 37/2004		Right to appoint Administrator if Creditor amount to more than 60% of Paid-up Capital	Creditors are allowed to initiate insolvency proceedings	Creditors can initiate proceedings to wind up the company	via creditors meeting	Creditors meeting may decide on procedure, administration, continuation and discontinuation of bankruptcy. The certain creditors are usually appointed as an insolvency administrators or insolvency supervisors.	Right to file petition to the Bankruptcy court if debor is insolvent, right to participate in the creditors' meeting, right to appoint a creditor committee, etc.	
			The creditors may also appoint a				right to appoint liquidator; a committee of	*Exempts secured creditors from					

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			committee of inspection at the creditors' meeting				inspection and etc.	the suspensive effect of the order issued by the court					
IV-2.2 How are creditors protected against fraudulent conveyance/insolvent trading in the context of insolvency?													
	Statutory prohibition (null and void)	Statutory prohibition and insolvency committee	In the process of introducing legislative changes to the Corporate Rescue Procedures	Section 531 of the Companies Act invalidates any fraudulent preferences (6 months before the commencement of winding-up or 3 months before petitioning) *In the process of amendment by Companies Bill	Creditors are protected by Curator	Yes, they are protected. In the case of insolvent trading, Section 303(3) read together with Section 304(2) of the Companies Act 1965 provides that where a director or officer of the company is convicted for insolvent trading, that director of officer can be made personally liable for the debt of the company. Further the Companies Act also includes several provisions which deal with fraudulent conveyance; this includes Section 223 which provides for avoidance of dispositions of property. Section 224 which provides for avoidance of certain attachments.	fraudulent preference could be invalidated	It is subject to criminal and civil penalties	The fraudulent party could be subject to criminal proceedings. Creditors may also request that insolvent trading be set aside in the context of insolvency case. In addition, a party to fraud may be made personally responsible by Court for debts or liability of the company.	In case of bankruptcy, Debtor Rehabilitation and Bankruptcy Act stipulates the procedure to permit fair collection by creditors	The fraudulent party could be subject to criminal proceedings. Creditors may also request that insolvent trading be set aside in the context of insolvency case.	1.Filing petition 2.Nomination of planner 3.Approval of plan 4.Plan implementation 5.Claim for repayment	Insolvent Trading Law prohibits disposal and transactions during insolvency period

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
V. Disclosure and Transparency													
V-1.Consolidated Financial Reporting													
V-1.1 Does law or regulation provide for consolidated financial reporting?													
	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (However, a listed company shall prepare both stand-alone and consolidated financial report rather than only the consolidated one.)	Yes	Yes
V-2. Non-Financial Information													
V-2.1 Are companies required to disclose information on ~													
(a) Corporate governance structures and practices	Yes	Yes	Yes	Yes	Yes	Yes	Yes for listed companies only	Yes	Yes	Yes	Yes	Yes	Yes
(b) Education and Professional experience of directors and key executives	Yes	Yes	Yes	Yes	Yes	Yes	No (Only at the time of initial listing they do disclose such information	Yes	Yes	Yes	Yes	Yes	Yes
(c) Total remuneration of directors and key executives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Since 2009, both direct and indirect remuneration should be disclosed)	Total directors' emoluments must be disclosed and approved by shareholders. Accounting standards (FRS24) requires total key management personnel compensation to be disclosed.	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(d) Individual remuneration of directors and key executives	No	Yes	Yes directors of listed companies.	Yes	Yes	Yes, The Malaysian Code on Corporate Governance recommends that annual reports should contain details of the remuneration of each director. The requirement for disclosure of directors' remuneration is set out under Paragraph 11, Appendix 9C, of Bursa Listing Requirements.	No	Yes (direct/ indirect remuneration to its directors and top four (4) management officers)	Not required but disclosure in bands required for directors under listing rules and disclosure in bands recommended for directors and top 5 executives under the Code (proposed revision of the Code recommends disclosure of exact remuneration for individual directors)	No	Yes A company that has had i)consecutive after-tax deficits in the most recent 2 fiscal years ii) insufficient director shareholding percentage for 3 consecutive months or longer iii) an average ratio of share pledging by directors or supervisors in excess of 50% in any three months during the most recent fiscal year.	Yes (Listed companies are required to disclose the remuneration of individual directors and disclose the total remuneration of key executives in From 56-1 and annual report. The details shall include both the remuneration in cash and in kind.)	Yes
(e) Deviations from corporate governance codes	Yes	Yes	Yes	Yes	Yes, as recommended under Code on Corporate Governance	Yes	Yes	No	Yes	No	Yes	Yes	No
(f) Management Discussion and Analysis	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No (but recommended to disclose Operating and Financial Review)	Yes	Yes	Yes	Yes
(g) Forward looking statements of the company	Yes	Yes	Yes	There is no prohibition of such disclosure in Annual reports, however such disclosures are prohibited in any offer	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				documents.									
V-3. Audit/Accounting													
V-3.1 Are companies required to have their financial statements externally audited?													
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, under Plan of Operations	Yes	Yes	Yes	Yes	Yes
V-3.2 How and by whom are external auditors appointed?													
	First Auditors are appointed by the board and thereafter by the shareholders in the AGM	the Audit Committee recommends the external auditor --> need shareholders approval at AGM	Approved by shareholders under the recommendation of the Audit Committee	the Audit Committee recommends the external auditor --> need shareholders approval at AGM.	Appointed by the shareholders at AGM, this power can be delegated to the Board of Commissioners	Section 172 of the Companies Act 1965 provides that the shareholders must appoint an external auditor. In the case of listed companies before an auditor is appointed, the auditor must be recommended by the company's audit committee: Paragraph 15.12(2) of Bursa Listing Requirement	appointed by the BOD till the first AGM. Thereafter appointed by shareholders at AGM. Under some specified circumstances SECP may appoint external auditors.	appointed by the BOD and approved by the general shareholders	appointed by shareholders at the shareholders meeting	usually Audit Committee approves external auditors	a resolution of the BOD	Audit committee has to consider, select and nominate an independent person to be an auditor and also propose such person's remuneration. BOD has to propose auditor's name and remuneration to shareholders for an approval.	Nominated by the Supervisory Board and approved by the general shareholders meeting
V-3.3 To whom do the internal auditors report?													
	According to 'Term of Reference'	The director of internal auditing group reports to the BOD and/or the Audit Committee	No regulatory requirement. It is up to the company	to the management and the Audit Committee of the company	Director and board of commissioner	Audit Committee	No regulatory requirement. It is up to the company However in case of listed companies to Audit Committee of the BOD.	Audit Committee	Audit Committee	BOD and shareholders	BOD and supervisors	Audit Committee	BOD

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
V-3.4 What rules regulate the audit profession?													
	The Bangladesh Chartered Accountant Order, 1973	China Accounting Law; Accounting Standards for Business Enterprises Code of Corporate Governance for Listed Companies in China	Hong Kong Institute of Certified Public Accountant (HKICPA). HKICPA has investigatory and disciplinary powers	Companies Act, 1956, Institute of Chartered Accountants Act 1949 and Rules, by-laws and Guidance notes issued by The Institute of Chartered Accountants of India (ICAI)	- Public Accountant Law No. 5/2011 -Ministry of finance decree No.17/PMK.01/2008, -Bapepam Rules (No. VIII.A.1, VIII.A.2 and X.J.1 and X.J.2);	As of 1st April 2010, external auditors who audit the financial statement of a public listed company must be registered with the Audit Oversight Board. The functions and powers of the Audit Oversight Board are set out in Part 3A of the Securities Commission Act 1993. Apart from this, auditors are also required to comply with rules issued by the Malaysia Institute of Accountants (MIA) and professional body who they are members of.	Rules framed by the Institute of Chartered Accountants of Pakistan and the Companies Ordinance 1984 (revised with IAS)	Republic Act no. 9282 (the Philippine Accounting Act of 2004)	Accountants Act	Act on External Audit of Stock Companies; Act on Public Accountants	Certified Public Accountants Law;	Accounting Profession Act B.E. 2547. The auditors who want to audit listed companies must get approval from the SEC	Audit Law 2011, Decree on Independent Auditing 2004
V-3.5 Is certification or training of auditors mandatory?													
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
V-3.6 Is there a code of ethics relating to the audit profession?													
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
V-3.7 Which authorities ensure the review, quality and independence of auditors?													
	Institute of Chartered Accountant of Bangladesh (ICAB)	Ministry of Finance; The Chinese Institute of Certified Public	HKICPA	ICAI(Financial Reporting Review Board and Quality Review Board)	- The Center for Supervision of Accountant and Appraisal -Indonesian Institute of	For auditors of public listed companies, they must be licensed by the Audit	The Institute of Chartered Accountants of Pakistan, SECP and Stock	SEC	Public Accountants Oversight Committee	Financial Supervisory Commission; Financial Supervisory Service	Code of Professional Ethics No. 10 issued by the National Federation of	The SEC(Audit Advisory Committee) and the Federatio	Ministry of Finance, Vietnam Association of

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
		Accountants (CICPA), CSRC			Public Accountan (IAPI) through Quality Review Board and Quality Reviewer team - Bapepam-LK	Licensing Committee (ALC) under Section 8 of the Companies Act 1965 as well as the Audit Oversight Board. If an auditor is not registered with the Audit Oversight Board and conducts an audit, on a public listed company, this will result to an offence committed by the auditor.	Exchanges				Certified Public Accountants Associations (NFCPAA)	n of Accountin g Professio ns	Certified Public Accounta nts (VACPA)
V-3.8 Is a rotation of audit firms/external auditors mandatory?													
	Yes (applicable only for auditor of listed companies)	Yes	No	No, however proposed in the new companies' bill.	Yes	No	In case of listed financial companies rotation of audit firm is mandatory while in case of non financial companies only rotation of engagement partner is required. In case of non listed companies no such rotation is mandatory.	Yes/No	Yes/No	Yes	Yes	Yes	Yes
If so, how many years?	3 years	5 years		Voluntary guidelines: Audit partner - 3years Audit firm - 5 years.	6 years for the Accounting Firms and 3 years for audit partner	rotation of audit partners is required for every 5 years	5 years for both narrated above	rotation of audit partners is required for reporting companies every 5 years	For banks, there is mandatory rotation of audit firm every 5 years. For listed	6 years	5 years for listed company; 7 years for non-listed company	5 years	3years

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
									companies, the rotation of audit firms is not mandatory but rotation of audit partners is mandatory every 5 years				
V-3.9 To what extent are national auditing and accounting norms materially divergent from the international standards?													
	Not much different	Not much different	Identical	Not much different	Indonesian Auditing Standard is based on US Auditing Standard. However, now moving to International Standard on Auditing	Malaysian Approved Standards are fully consistent with the International Standards on Auditing (ISA)	Not materially different	Identical (In 2006, all companies were required to adopt the IFRS.)	Not much different (closely aligned)	Not much different	Not much different	Not much different	Not much different
		convergent with International Financial Reporting Standards	Accounting standards: http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/rm/2010/comparision-table-july.pdf Auditing standards: http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/hksa-clarity-centre/2010/hksa-vs-isa.pdf).	* Plan to converge to IFRS and draft Ind AS have been prepared.	Indonesian accounting standards are converging with International Financial Reporting Standards. The convergence process will be completed by 2012	Plan to 'bring Malaysian GAAP into full convergence with IFRSs effective 1 January 2012		*Except, adoption of IFRIC 15 (Agreements for the construction of Real Estate) which has been deferred to Jan. 1, 2012.	SFRS is 'IFRS-ready' and going to be fully converged with IFRS by 2012.	All listed companies are planning to adopt the IFRS by 2011	preparation of financial statements in accordance with the IFRS from 2013	Thai accounting standards have been revised to comply with the IFRS and going to be fully converged with IFRS by 2013.	Vietnamese accounting standards have been revised to comply with the IFRS. and planned to be fully converged with IFRS by 2020
V-3.10 What institution is responsible for developing accounting standards and the oversight of accountants?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	Institute of Chartered Account of Bangladesh (ICAB)	CICPA	HKICPA (self-regulatory body)	The National Advisory Committee on Accounting Standards is responsible for finalising Accounting Standards and ICAI is responsible for oversight of chartered accountants	Standard : Indonesian Institute of Accountants, Oversight: Bapepam-LK. PPAJP IAPI	MASM/MASB and MIA (Since 2009, MIA launched new standard-setting boards; Audit and Assurance Standards Board (AASB) and the Ethics Standards Board (ESB))	The Institute of Chartered Accountants of Pakistan	the Board of Accountancy organized under the Professional Regulatory Commission	Standard: Accounting Standards Council (ASC) Oversight Public Accountants Oversight Committee	Standard: Financial Supervisory Commission and Korean Accounting Standard Board Oversight: Financial Supervisory Commission and Financial Supervisory Service	Standards: Accounting Research and Development Foundation Oversight: Financial Supervisory Commission, Executive Yuan and National Federation of Certified Public Accountants Associations (NFCPAA)	The Federation of Accounting Professions	Ministry of Finance, Vietnam Association of Certified Public Accountants (VACPA)
V-3.11 Are companies required to report 'consulting services' rendered by the external auditor?													
	Cannot engage in consulting services except tax matter	Not required to report	No, but the details of fees paid to external auditors are required to be disclosed	The auditors are required to disclose any 'conflicts of interest.' The Certificate of Independence should be submitted	Not required. Such report is provided by external auditors	need to disclose non-audit fees in the annual reports	Yes in case of listed companies	Yes (Should be disclosed in the corporation's annual report)	No(but listing rules require disclosure of non-audit fees)	Yes	Yes, the company should disclose professional fees of CPA and details of non-audit services in annual report, when non-audit fees paid to the accounting firm, and/or to any affiliated enterprise of such accounting firm are 1/4 or more.	Yes	No
V-3.12 Which authorities ensure the independence of standard-setting body?													
	Ministry of Commerce	Ministry of Finance; China Securities Regulatory Commission (CSRC)	None	National Advisory Committee on Accounting Standards (NACAS) advises the Central Government on the	None. However, the Oversight Committee established by Minister of Finance provides consideration on the setting	Yes, it is undertaken by the Financial Reporting Foundation.	1) International Federation of Accountants (IFAC) 2) Institute of Chartered Accountants Pakistan 3) Securities and Exchange	The SEC has oversight power over the PSE and may revoke SRO status based on valid grounds.	Ministry of Finance	Market Oversight Commission	Financial Supervisory Commission	Accounting Professions Supervising Commission	Ministry of Finance

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				formulation and laying down of accounting policies and accounting standards for adoption by companies	up of auditing standards.		Commission of Pakistan						
V-4. Intermediaries													
V-4.1 In your jurisdiction, is it required to disclose 'conflicts of interest' by analyst, brokers, rating agencies and other?													
	Yes	No	Yes	Yes, Regulations for concerned intermediaries require compliance with code of conduct and disclosure of conflict of interest.	Yes	Yes	Yes	Yes	Yes	Yes	Not specifically addressed by laws or regulations	Yes	No
				Stock Brokers are subject to "Stock Broker and Sub-Brokers Rules and Regulations' 1992	Brokers and Rating Agency subject to Bapepam-LK Rules		all brokers and agents are required to disclose 'conflict of interest' to their clients	Brokers and dealers are regulated by the SEC and must renew their licenses annually	Disclosures by intermediaries are regulated under varies instruments (e.g. section 120 of Securities and Futures Act, Section 36 of Financial Advisers Act, and SGX Rule on Research)			Analyst: Required to treat clients 'fairly and appropriately.'	
				Underwriters are subject to 'Underwriters Rules and Regulations,' 1993			For all other intermediaries, new rules are in the process of being finalized					Brokers/Underwriters: prohibited to distribute research papers relating to underwritten securities for the specified period.	
				Credit Rating Agencies are subject to "Credit Rating Agencies								Rating agency: Rating reports are	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				Rules and Regulations,' 1999								required to disclose 'conflicts of interest'	
V-4.2 What are the legal consequences if these professionals violate the disclosure rules?													
(a) Civil liability	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes
(b) Fines	Yes (if it is mandated by regulator)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Imprisonment	No	Yes		Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
(d) Others	their license could be revoked or suspended	their license could be revoked, either temporarily or permanently	license could be revoked, suspended	Their license could be revoked, either temporarily or permanently. Name of the member may be removed from the register of member	Their licence could be suspended, or revoked	Bursa Malaysia Securities Board undertakes enforcement actions pursuant to breaches of its rules	violation may lead to suspension of registration		Breach of Singapore Exchange Ltd listing rules are punishable by disciplinary actions by Singapore Exchange Ltd.		license could be revoked, suspended	Analyst: administrative sanctions	License could be revoked or suspended for1 to 5 years
			public reprimand									Brokers/Underwriters: fines/ imprisonment/ administrative sanctions	
												Rating agency: SEC has power to revoke the approval	
V-5. Reporting Requirements													
V-5.1 What reports are required by Stock Exchanges or the supervising government authority?													
(a) Semi-annual reporting	Yes	Yes	Yes	Yes	Yes	No. Chapter 9 of the Bursa Listing Requirements only requires quarterly reporting and the issuance of annual	Yes	No	Yes	Yes	Yes	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						report.							
(b) Quarterly reporting	Yes (only for listed companies)	Yes	Yes (only GEM companies)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Publication of audited annual reports	Yes	Yes	Yes	Yes	Yes	Yes	Yes	?	Yes	Yes	Yes	Yes	Yes
(d) Immediate reporting of price-sensitive information?	Yes (price sensitive information need to be disseminated to Exchange and SEC within 30 minutes)	Yes	Yes (Proposed Statutory Codification of Certain Requirements to Disclose Price Sensitive Information by Listed Corporations)	Yes	Yes Information should be reported as soon as possible and the latest is two days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(e) Others	Compliance Status of CG guideline (listed company)	Corporate Governance Report	Corporate Governance Practices (listed company)	Corporate Governance (detailed compliance report) disclosure of shareholding patterns, voting results, change in holdings of KMPs and Promoters.	Annual Report		Statement of Compliance with the Code of Corporate Governance (listed company)	Annual Scorecard (The commission shall annually review this code to ensure that meets its objectives)	Corporate Governance Practices (with specific reference to the principles of code)	Disclosure of non-financial matters on the consolidated basis	Implementation of corporate governance	Annual registration statement (Form 56-1) and annual report (Form 56-2)	Annual Report, Corporate Governance Report
V-5.2 What penalties are attached to non-compliance with the above-cited requirements?													
	Administrative and financial penalty (min. of Tk. 100,000)	can be imposed of fines of 300,000 Yuan	private reprimand; public censure, public statement of criticism; reporting offender's conduct to the SFC or relevant regulatory authority, ban professional advisor from representing an issuer and other actions; the HK Stock	Non-compliance may lead to taking action under SEBI Act or Securities Contract (Regulation) Act, 1956 and may lead to levying of fines/penalties/ suspension/Delisting etc.	Fines (IDR 1 million per day, maximum Rp. 5 billion)	the Exchange shall suspend trading (3 months delay) or de-list (6 months delay)	Directors/CEO /CFO could be imprisoned and/or fines	fines; suspension of trading; delisting of the company	Issuers who do not comply with the SGX listing rules may be subject to disciplinary action (such as reprimands, suspensions or delisting by SGX or fines and imprisonment under the Securities and Futures Act for certain violations)	civil penalty less than 2 billion Won	fine of NT$ 240,000~2.4 million; suspension of trading or delisting	not exceeding 100,000 baht (and further fine not exceeding 3,000 baht for every day during the contravention continues). Moreover, the director, manager or any	Administrative penalties

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			Exchange may cancel the listing in an extreme case									person responsible for the operation of the company shall also be liable to the penalties as provided for such offences, unless it can be proven that such person has no involvement with the commission of offence by such company	
V-5.3 Is there a central registry for financial and non-financial corporate information which is readily available to the shareholders?													
	Yes (the Registrar of Joint Stock Companies and Firms; Stock Exchange)	No (some information available at the company's website, CSRC, Stock Exchange)	HKEx (http://main.ednews.hk/listedco/listconews/search/search_active_main.asp)	Filed with Stock Exchanges and available in concerned exchange website and also some filings are made with the Registrar of Companies (RoC) and can be accessed through website of MCA.	Yes (Indonesian Stock Exchange,)	The Companies Commission of Malaysia; Bursa Malaysia; Company Announcements	Yes. The Company Registration Offices of the Commission serve as custodian/ repositories of corporate information for the shareholders, investors and the members of general public. Through the eServices, the corporate information is now readily available to the companies	Yes. The Philippine Stock Exchange contains all the disclosures and links to all listed companies.	Yes, Accounting and Corporate Regulatory Authority (ACRA)	Yes DART (www.dart.or.kr) provided by FSS KIND (www.kind.kse.or.kr) provided by Korea Exchange	Yes (Market Observation Post System) http://mops.tse.com.tw/index.htm	Yes SEC's website and SET's website	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
							opting for online services.						
V-5.4 To what extent are new technological developments integrated into the existing disclosure regimes?													
(a) Is electronic filing available	No	Yes	Yes (HKEx)	Yes	yes (IDX)	Yes	Yes (since 2008)	Yes	Yes	Yes	Yes (MOPS website)	Yes	Yes
(b) Is there an integrated service provider for the database?	No	Yes (XBRL platform)	Yes	Yes (XBRL system)	Yes (the exchange)	Yes (the Exchange)	Yes (Commission's eServices portal)	Yes (PSE Real-Time data product)	Yes (web-based SGXNET platform and XBRL)	Yes (XBRL system)	Yes (MOPS website, XBRL Demo Site)	Yes (SET Community Portal)	Yes (Bloomberg, Thompson Reuters)
	Bangladesh	**China**	**HK China**	**India**	**Indonesia**	**Malaysia**	**Pakistan**	**Philippines**	**Singapore**	**South Korea**	**Ch. Taipei**	**Thailand**	**Vietnam**
VI. The Responsibilities of the Board													
VI-1 Members of the Board													
VI-1.1 Prescribe board structure (unitary or dual board structure)													
	Unitary	Unitary board w/ supervisory board	Mainly unitary, but company free to choose own board structure	Unitary	Dual Board Structure	Unitary	Unitary	Unitary	Unitary	Unitary	Dual Board, but amended Securities and Exchange Act allows public companies to choose unitary if audit committee is set up	company's decision (most choose unitary)	Unitary Board with Supervisory Board
VI-1.2 Can a dual board structure be established in the articles of association?													
	Yes	Yes	Yes	No	Yes	No	No	No	No	No	Yes	Yes	Yes
VI-1.3 Minimum/maximum number of directors for listed companies													
	Min: 5, Max: 20 (Corporate Guideline)	5~19 directors	Min: 3 Max: no	Min: 3 Max: beyond 12, central government approval is required	Min:2 Max: no	Min: 2 Max: no	Min: 7 Max: no	Min: 5 Max: 15	Min: 2 Max: no	Min: 3 Max: no	Min: 5 Max: no	Min; 5 Max: no	Min:5 Max: 11
VI-1.4 Does law requires representation of labor unions on the board?													
	No	No But according to the 2005 Company Law	No	No	No	No	No	No	No	No	No (except in stated owned enterprises, at least 1/5 of	No	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
		, the companies may have representative of employees, and requires at least 1/3 members of the supervisory board should be employee representatives									the directors who represent state capital shall be recommended by the relevant labor union)		
VI-1.5 Is cumulative voting for the election of board permitted?													
	Yes (if stipulated in Articles of Association)	Yes, 2005 Company Law allow incorporated companies to use cumulative voting to elect directors and supervisors in GSM, 2002 Code of Corporate Governance requires listed companies that are more than 30% owned by controlling shareholders to use cumulative voting and the implementing rules should reflected in their articles of association.	No	Yes	No	No	Yes	Yes	No	Yes	Yes (now optional, to be amended back to be mandatory , to require cumulative voting mandatory)	Yes (the companies can opt-out)	Yes (Cumulative voting must be applied for the election of board)
VI-1.6 Maximum election term for members of the board													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	every AGM, 1/3 of directors who are longest in office gets reshuffled	The election term of Board members as well as supervisory board members should not be over 3 years,	No limit	One-third or two-third of the total board should retire at every AGM. Managing Director or Whole Time Directors can be appointed for a max. tenure of five years at a time.	No limit	3 years but shall be eligible for re-election	3 years	1 year	3 years but shall be eligible for re-election	3 years but unlimited re-election	3 years but shall be eligible for re-election	3 years but if the company adopts cumulative voting: the entire BOD needs to be elected simultaneously	5 years
												If the company does not adopt cumulative voting: 1/3 of directors shall retire each year	
VI-1.7 Does the regulatory framework permit staggered election terms for board members?													
	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	Yes	No
VI-1.8 Is there a limit to the number of boards on which an individual may serve?													
	No	Yes (maximum of 5 independent dictatorships in listed companies)	No	Yes, No more than fifteen public companies	Yes (Director of a securities company is restricted to serve more than one company, maximum of 2 for bank commissioner)	Yes (maximum of 25 directorship) *listed companies: 10 non-listed companies: 15	Yes, for listed companies only (an individual can serve on the Board of Maximum 10 listed companies at a time) * under the revision to Code of Corporate Governance, this is recommended to be reduced to 5 (as of August 2011)	No	No	No (maximum of 2 directorship for outside directors)	No *For independent director, it has limit up to 3 independent directorship （No independent director of a public company may concurrently serve as an independent director of more than three other public companies）	Yes (SET suggests each director should serve no more than 5 board of the listed companies)	Yes (no more than 6)
VI-1.9 Are companies required to disclose the attendance records of board meetings?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	Yes	Yes	Yes	Yes	Yes (for listed companies in the annual report)	Yes	Yes, for listed companies only	Yes (revised CCG requires at least one independent director in all its meetings) The Corporate Secretary is required to submit to SEC a Certification on the Attendance of directors to BOD meetings	No legislative requirement. (recommended by the Code of Corporate Governance)	Yes	Yes	Yes	Yes
VI-1.10 What is the minimum number of board meetings to be held per year?													
	4 (one every quarter)	twice per year	not specified	4 (maximum time gap of four months between any two meetings as per listing agreement)	Not specified	not specified	4 (once every quarter)	The Corporation Code requires a minimum of 12 meetings a year	no minimum number	no restriction	at least quarterly	at least once every three months	4 (once every quarter)
VI-1.11 Are there limitations to the appointment of non-residents or foreigners to the board of listed companies?													
	No	No	No	No, but in case of Managing Director being a non-resident, Central Government's permission is required. As per the proposed Bill, at least one of the directors should be a resident.	No	No (but the company shall have at least two directors whose principal residence is Malaysia)	No	Yes (at incorporation, majority of directors must be residents of the Philippines	No (In case of foreign company, minimum two resident independent directors are required)	No	No	Yes (PCA requires that not less than half of the BOD shall reside within the Kingdom)	No
VI-1.12 What are the rules and procedures for ~													
(a) Nominating board members	casual vacancy can be filled by the board	Both BOD and Shareholders can nominate the candidates	Board members are generally nominated by the BOD; shareholders can also nominate the candidates	As per the Voluntary Guidelines, (listed companies) the Nominating Committee can recommend	no special procedure specified in the law, in practice controlling shareholders influence the nomination of the candidates	the nominating committee composed exclusively of non-executives, a majority of whom are independent director	Sections 182 and 183 of the Companies Ordinance, 1984 provides for nomination of directors by the creditors and federal/provinc	this is done at the annual meeting The IRR of the SRC requires the short listing of independent directors. No nomination of	The Code of Corporate Governance recommends guidelines on nominating board members that companies are encouraged to	via the Nominating Committee	BOD or any shareholder holding 1% or more of the outstanding shares may submit to the company in writing a roster of director	Board members are generally nominated by the BOD; shareholders can also	Shareholders, group of shareholders holding at least 10% of total shares can

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			It is a recommended best practice under the Code on Corporate Governance Practices for companies to establish a nomination committee.	any person to the shareholders. The company is required to file 3 copies of notice proposing a candidate with the Stock Exchange	Articles of Association should specify the rules and procedures. For banks, nomination committee proposes candidates of BOC..		ial governments respectively, on the board of any company. Code of Corporate Governance also contain certain provisions for nomination on the boards of listed companies.	ID/s is allowed during the ASM	adopt.		candidates. The BOD or other authorized conveners of shareholders' meetings shall examine the data of each director candidate nominate. The processes of the operation for examining the director candidates nominated shall be recorded in writing and such records shall be retained in the file for a period of at least 1 year.	nominate the candidates (CG Code recommends listed company to establish nominating committee)	nominate candidates, BOD or other shareholders can nominate candidates in case of insufficient nominees
(b) Electing board members	Election at AGM	shareholders elects board members at AGM with 50% voting	Must be approved by the shareholders	A member is allowed to propose a person of his/her choice for the directorship in a Company along with a deposit of Rs. 500.	Shareholders elect Board members at AGM	shareholders meeting	the directors sets the number of elected directors and the shareholders elect directors at AGM	elected by the shareholders	Shareholders meeting	shareholders meeting	elected by shareholders	Generally, the directors must be elected by the shareholders. (Exception) in case of casual vacancy, the BOD can select the replacement	shareholders meeting

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(c) Removing board members	Shareholders vote by 3/4 approval	shareholders can remove board members at AGM with 50% voting	BOD can remove the directors	At least 21 days in advance before the meeting stating about the special notice proposing the resolution of removal of the director. An ordinary resolution by simple majority shall be passed.	Rremovable by the shareholders' resolution.BOC can temporarily removed members of BOD. Eventually has to be approved by shareholders	removable by the shareholders' resolution (ordinary resolution)	removable by the shareholders' resolution	Shareholders may remove any director for any reason at a special meeting called for that purpose. 2/3 needed	removal by ordinary shareholder resolution	removable by the shareholders' resolution (special resolution)	removal by special shareholder resolution required a majority of the shareholders present who represent 2/3 or more of the outstanding shares by the company.	removable by 75% of the numbers of shareholders attending the meeting who also have 50% of the shares held by the shareholders attending the meeting	Removal by shareholders' resolution
(d) Appointing or electing senior management	the BOD	the BOD	None	the Nomination Committee (this is not mandatory)	General Shareholders Meeting	the BOD	determined by the CEO with the approval of the BOD	the BOD	the BOD	senior management is appointed by CEO or the controlling shareholder	the BOD	no requirement (Generally, senior management is appointed by CEO)	the BOD
VI-1.13 Does law requires the separation of Chairman and CEO?													
	No (Preferable but not mandatory)	No	No, but it is a comply-or-explain requirement under the Code on Corporate Governance Practices	No however, Voluntary guidelines recommends it.	Yes (because Indonesia has dual board system)	No (The Code of CG recommends separation of Chairman and CEO but it is not mandatory)	No (The Code of CG prefers the separation but it is not mandatory)	No; RCCG provides separation as far as practicable	No (recommended by the Code of Corporate Governance)	No	No (but recommended by Corporate Governance Best-Practice Principles. However, the separation of Chairman and CEO for financial institutions is required by updated regulation since August 2010.)	No (CG Code recommend listed company to separate chairman and CEO)	No for normal joint stock companies, Yes for listed companies.
VI-1.14 Does law requires the appointment of 'lead non-executive director'?													
	No	No	No (Hong Kong	No	Not applicable due to dual	No (the Code of CG	No (The Code provides for	No	No (recommende	No	No	No	No (the CG Code

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			Society of Directors issued the Guidelines for Independent Non-executive Directors)		board structure	recommends the Board to identify a senior independent non-executive director but it is not mandatory)	appointment of non-executive directors but not lead non executive directors)		d to appoint a lead independent non-executive director where the chairman and CEO are the same person related or where both are part of executive management)				requires about 1/3 non-executive directors of the BOD of listed companies)
VI-1.15 Does the legal and/or regulatory framework provide for establishment of a statutory body other than BOD, Board's committee?													
	No	Yes (The Supervisory Board of listed companies are accountable for all shareholders)	No	No	Yes, Public company and bank are required to establish an Audit Committee, And for bank should also have nomination and remuneration committee	No	No	For public and publicly listed companies and banks, there is a requirement for an audit committee (also a board committee)	No	No	Public company must elect two or more supervisors	No prohibition	Yes. Supervisory Board (for companies with more than 11 individual shareholders or institutional shareholders owning more than 50% of total shares)
		The Supervisory Board responsibility: corporate finance, legitimacy of directors, performance of duties, protection of the company and the shareholders						which should be headed by a director who is not part of management; the CCP allows the creation of an Excom (derives its membership from the board)					
VI-1.16 What statutory bodies within the corporation are responsible for supervising and monitoring senior management?													
	Board of Directors;	Board of Directors;	the BOD	BOD Audit committee	Board of Commissioner	BOD, Audit Committee	CEO. Board of Directors and	the BOD	the BOD	CEO, BOD and the Audit	BOD, Supervisors	the BOD	the BOD, Superviso

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	Audit Committee	Board of Supervisors					Board Committees			Committee	and internal auditors		ry Board
VI-2 Powers of the Board													
VI-2.1 Does the board of directors decide on ~													
(a) Appointment and compensation of senior management	Yes	Yes	Yes	Yes, by BOD	No It should be approved by shareholders, it could be mandated to BOC	Yes	Yes (Determined by the CEO with the approval of the BOD.)	Yes	Yes	Yes	Yes	Yes	Yes
(b) Review and adoption of budgets and financial statements	Yes	Yes	Yes	Yes	Yes	This is provided for under paragraph 9.23 of Bursa Listing Requirements.	Yes	Yes	Yes	Yes	Yes	Yes	Yes*
(c) Review and adoption of strategic plans	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes*
(d) Major transactions outside the ordinary course of business	Yes	Yes	Yes*	Yes	Yes*	Yes (shareholder approval needed)	Yes	Yes	Yes*	Yes	Yes	Yes*	Yes
(e) Changes to the capital structure	Yes (shareholder approval needed)	Yes	Yes*	Yes(shareholder approval needed)	Yes*	Yes (shareholder approval needed)	Yes (shareholder approval needed)	Yes	Yes*	Yes*	Yes (within the authorized capital)	Yes*	Yes*
(f) Organization and running of shareholders meeting	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(g) Process of disclosure and communications	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(h) The company's risk policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(i) Transactions with related parties	Yes	Yes	Yes*	Yes, in few cases board's approval is required.	Yes*	Yes (shareholder approval needed)	Yes (shareholder approval needed)	Yes	Yes*	Yes	Yes (acquisitions of real properties)	Yes*	Yes*
			* Also need shareholders'		* Also need shareholders'				* May also need	* Also need shareholders'		* Also need	* Also need

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
			approval		approval				shareholders' approval	approval		shareholders' approval	shareholders' approval
VI-3 Board Committees													
VI-3.1 Which board committees must be established under current law or regulations?													
(a) Audit Committee	Yes (CG Guideline)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Company with total assets valued more than KRW 2 trillion)	No*	Yes	No
(b) Remuneration committee	No	Yes	No but expected under the Code on Corporate Governance Practices	No, it is a non-mandatory requirement under Clause 49.	Yes (for banks)	No (not mandatory but recommended under the Malaysian CG Code)	No but strongly recommended under the revision to the Code of Corporate Governance.	Yes	No legislative requirement except for banks and large direct insurers (recommended by the Code of Corporate Governance for listed companies)	No	Yes committee in 2010. According to the new rule, all the listed companies will be enforced to setup remuneration committee.	No (not mandatory but recommended under the CG Code))	No
(c) Nomination committee	No	Yes	No, but it is a recommended best practice under the Code on Corporate Governance Practices for companies to establish a nomination committee.	No, voluntary under Guidelines.	Yes (for banks)	No	No	Yes	No legislative requirement except for banks and large direct insurers (recommended by the Code of Corporate Governance for listed companies)	Yes (for large listed company worth more than KRW 2 trillion)	No	No (not mandatory but recommended under the CG Code)	No
(d) Other committees		Strategic Management Committee and other special committees	Remuneration Committee (comply-or-explain); Nomination Committee (recommended)	Shareholders Committee (mandatory for listed companies) Stakeholders Grievances Committee and Risk Management Committee as per proposed Companies Bill	Corporate governance committee (voluntary) Risk oversight committee (for banks)		none	Designated special committees for large companies, eg. Governance Committee, Risk Management Committee	Risk management committee required for banks and large direct insurers	none	*a public company must establish either an audit committee or supervisors	Risk management committee (for banks)	None

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
VI-4 Directors' Qualification													
VI-4.1 May legal entities serve as directors?													
	No	No	No	No	No	No	No	No	No	Yes (for mutual fund)	Yes (provided that it shall designate a natural person as its proxy)	No	No
VI-4.2 Prescribed minimum/maximum age for directors													
	Minimum age of 18	None	Minimum age of 18	Minimum age of 21 for independent directors (Clause 49 of the listing agreement) For appointment of Managing Director and Whole time director, minimum age is 25 years and max. Age is 70 years. Else, a special resolution need to be passed.	None	Section 122(2) Companies Act 1965 provides that only a person of full age may serve as a director. In Malaysia, this is 18 years old. Section 129 of the Companies Act 1965, provides unless stated otherwise in the Article of Association, no person of or over 70 years old can be appointed as a director of a public company or subsidiary of a public company.	Minors are not eligible	Minimum age of 18	Min: 18 (upon reaching 70 years, shareholders approval required each year for listed companies and their subsidiaries)	No restriction	Minors and those subject to legal interdiction are not eligible	Minimum age of 20	Minimum age of 18
VI-4.3 What other requirements must members of the board fulfil?													
(a) Fit and proper test	Yes	Yes	Yes	Yes certain disqualifications prescribed for becoming a director and additional disqualifications are prescribed for	Yes	Yes	Yes	Yes	Yes	Yes	Yes for financial institutions, but need to be free from negative personal background (like financial	Yes	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				being appointed as MD/WTD.							crime) for listed companies' board members.		
(b) Minimum education and training	No	No	No	No	Yes	Yes	No	Yes	No	No	Yes	No	Yes
(c) Professional experience	No	No	No	No	Yes	Yes, but only in relation to Audit Committee member.	No	Yes	No	No	Yes	No (But for the Audit Committee: at least 1 member must have sufficient knowledge in financial statement)	Yes
(d) Any others?		There are qualification criteria to become a director (Director training programmes offered mainly by CSRC and stock exchange.)		disqualified as a director if ~i) declared unsound, ii) declared as an undischarged insolvent, and etc	individuals capable of performing legal actions except for those who in the 5 (five) years before their appointment: a. were declared bankrupt; b. were members of a Board of Directors or Board of Commissioners who were declared to be at fault causing a Company to be declared bankrupt; or c. sentenced for crimes which caused financial	directors of listed issuers must not be of unsound mind, a bankrupt, has not been convicted of an office under the Listing Requirements			First time directors of listed companies expected to attend some training.			Directors shall be not bankrupt, incompetent, or quasi-incompetent; not have been sentenced by a final judgment to imprisonment for dishonesty; and not have been dismissed from a government service or state organization or	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
					losses to the state and/or which were related to the financial sector. disqualified as a director /commissioner if ~i) declared unsound, ii) declared as an undischarged insolvent, and etc							agency for dishonesty on duty. Moreover, they shall not have prohibited characteristic indicating a lack of appropriateness in respect of trustworthiness in managing business as the SEC's regulations stipulated (http://capital.sec.or.th/webapp/nrs/data/5346se.pdf)	
VI-4.4 Does law or regulations require continuing training for board directors?													
	No	No	No	No, but prescribed as a non-mandatory requirement under Clause 49.	No, except for banks	Yes	Yes	Yes	No	No	No	No (but continuous development programme is recommended)	No
VI-4.5 Does law or regulations provide for certification procedure of board directors?													
	No	No	No	No	No	Pursuant to under paragraph 15.08 of the Bursa Listing Requirements, Bursa Malaysia introduced the	Yes	No	No	Yes	Yes. Under rule of Stock exchange , director and supervisor are required to receive continuing training	In order to be directors of the listed companies, they have to registered	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
						Mandatory Accreditation Program (MAP) – where a director must attend the MAP in full to procure a certificate confirming his completion of the MAP.						in the "Director Registry"	
VI-4.6 Does the institutional framework provide for voluntary training possibilities for board of directors?													
	Yes	Yes "Selection and behaviour guideline on directors of listed companies" in 2009	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Securities and Futures Institute)	Yes	As a pilot basis, Yes
	Bangladesh Enterprise Institute (BEI)	CSRC, Shanghai Stock Exchange	HK Institute of Directors	NISM, ICAI, ICSI, ASSOCHAM, FICCL, NFCG	IICD, LKDI	Companies Commission Malaysia (for non listed company) Malaysian Alliance of Corporate Directors (MACD)				Korea Institute of Directors	Taiwan Corporate Governance Association, Securities and Futures Institute	the Institute of Directors (IOD) was established in 1999	State Securities Commission
VI-5. Independent Directors													
VI-5.1 Does law, regulations or listing rules require the election of independent directors to the board?													
	Yes (only for listed Companies)	Yes	Yes	Yes	Yes	Yes	Yes. Also, this is recommended in the revision to the Code of Corporate Governance	Yes	Yes	Yes	Yes for public companies, based on capitalization test and line-of-business test.	Yes	Yes
If so, what percentage of the board of directors must be composed of independent directors?	10% (and at least one director)	minimum 1/3 of BOD	at least three (3) independent non-executive directors	(Listed companies) if Chairman is not a non-executive director or not related to Promoters, at least 1/3 of the	minimum 30% of total board of commissioner (two-tier system)	at least 2 directors or 1/3 of the board, whichever is higher	at least 1/4th or 2 whichever is higher of the total members of the board as independent directors.	at least two or 20%, whichever is lesser but in no case less than two	at least two (2) independent non-executive directors required under listing rules (but Code recommends at least one	major companies: at least three directors and the majority of the BOD smaller ones: 25%	Not less than two and not less than 1/5 of the total directors	SEC requires at least one-third of board size and not less than three persons	CG code for listed companies requires 1/3 of non-executive directors.

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				BOD must be comprised of independent directors. Else, at least half of the board should comprise of independent directors					third of the board)				
VI-5.2 Does the definition of "independence" exclude persons who are ~													
(a) Related to management (by birth or marriage)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
(b) Related to major shareholders	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes(but proposed revision to Code recommends excluding such persons)	Yes	Yes	Yes	No
(c) Employees of affiliated companies	Yes	Yes	Yes	Yes	Yes	Yes	Yes, employees of subsidiary companies, associated companies associated undertaking or holding company within the last three years, are excluded.	No	Yes	Yes	Yes	Yes	Yes
(d) Representatives of companies having significant dealings with the subject company	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
VI-6. Directors' Liability													
VI-6.1 May breaches of duty by members of the board generate their individual ~													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(a) Civil liability	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b) Administrative sanctions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c) Criminal penalty	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
VI-6.2 Does law or regulations provide for ~													
(a) Individual shareholder suits against the board and management	Yes	Yes	Yes	No	Yes	Yes	Yes if he hold more than the limits prescribed	Yes	Yes	Yes	Yes	Yes	Yes
(b) Class action suits against the board and management	Yes	No	No	Yes, in case of oppression and mis-management, by shareholders holding 10%	Yes	No	Yes	Yes	No. (but Section 216 of the Companies Act does allow a group of shareholders	Yes	Yes	No (Class Action lawsuit is now in process of proposing to the parliament for consideration)	No
(c) Derivative suits against the board and management	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes (only extends to non-listed companies in the case of statutory derivative action)	Yes	Yes	Yes	Yes
(d) Ombudsman suits on behalf of shareholders?	No	No	No	No	Yes	No	No	No	No	No	No, but supervisors may bring such a suit.	No	No
VI-6.3 To what extent is the board responsible for the financial statements included in the company's annual report?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	the BOD is fully responsible	certified by the senior managers, including directors, and thus fully responsible	the BOD is fully responsible	the BOD is fully responsible	the BOD and BOC are fully responsible	the BOD is fully responsible (financial statement needs to be signed by at least 2 directors)	the BOD is fully responsible	the BOD is primarily responsible	directors are fully responsible	The CEO and CFO have to certify. The BOD, CEO, CFO are fully responsible (imprisonment not more than 5 years or fine)	Only after all the statements of accounts have been approved by the meeting of shareholders shall directors be deemed to have been discharged from their liabilities, except in the event of any unlawful conduct on the part of directors	The BOD has to certify its opinion in the annual report	No specific provision
VI-6.4 Is directors/officers liability insurance obtained?													
	No	No,	No, It is a recommended best practice under the Code on Corporate Governance Practices for companies to arrange appropriate legal cover against legal actions against their directors.	No legal requirement.	No	Yes	No	No	Yes	Yes	No, but more and more public companies notice this issue.	No	Yes only if being approved by shareholders meeting of listed companies
VI-6.5 In what circumstances is the company prohibited from indemnifying a director?													
	Breach of Duty; Breach of Trust; Negligence and Default	violation of duty of care and diligence	Breach of duty, negligence and default	There is no such express provision. But Directors cannot be compensated by way of compensation for loss of office, or as consideration for retirement from office, or in connection with such loss	Criminal cases, negligence default, breach of duty, breach of trust	negligence, default, breach of duty/trust	indemnifying director in respect of negligence, default, breach of duty or breach of trust shall be void	no specific regulation	negligence, default, breach of duty/trust	no indemnification	Intentional conduct or gross negligence	No specific provision However, if the company indemnifies director in respect of negligence, default, breach of duty or breach of	Breach of law and rules, Article of Association

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				or retirement etc., if inter-alia loss of office is due to the company being wound up due to the negligence or default of the director or where the director has been guilty of fraud or breach of trust in relation to, or of gross negligence in or gross mismanagement of, the conduct of the affairs of the company or any subsidiary or holding company thereof or where the director has instigated, or has taken part directly or indirectly in bringing about, the termination of his office.							trust, other directors who approve such indemnification shall be deem as breaching fiduciary duty	
VI-6.6 Does law differentiate between 'duty of loyalty' and 'duty of care'?													
	Not explicitly mentioned in the law but the court recognizes	Yes	Yes (common law basis)	Not explicitly mentioned in the law but the court recognizes	Yes (Company law basis)	Yes (common law basis)	No	No	Yes	Yes	Yes	Yes	Yes
VI-6.7 Is there a cap for the monetary remedy on which the courts can impose against the directors who were found liable?													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
	No	No	No	Yes, concerned section in the Companies Act provides for maximum penalty that can be imposed.	No	Yes (RM 10 million)	No	Yes (200,000 pesos) however, that any violation of the Securities Regulation Code punishable by a specific penalty shall be assessed separately and shall not be covered by the abovementioned fine.	No for civil liability but maximum fine for breach of duty under criminal sanction in the Companies Act is $5,000	No	No	Yes (not exceeding the damages or the benefit obtained)	No
VI-6.8 Dose law or regulations impose fiduciary duties and liabilities on "shadow" directors?													
	Yes	No	Yes (same with directors)	Yes, shadow directors are included in the definition of officers in default.	No	Yes	No	No	Yes	Yes	Yes	Yes	No
VI-7. Remuneration of Board Members													
VI-7.1 Is there a trend towards the use of stock options for directors' remuneration?													
	No	Yes	No	Yes	Yes	Yes	No	No	Yes(it is common but there is a slight decline in use)	Yes	No	Yes	Yes
VI-7.2 Does law or regulations provide for the approval of executive directors' compensation by shareholders?													
	Yes	Yes	Yes	Yes	Yes	No, but it is being recommended by the Companies Law Reform Committee in its review of the Companies Act 1965.	Yes (if the company's article so provides)	Yes	No	Yes	Yes	Yes	Yes
VI-7.3 Does law or regulations require directors to take a portion of their remuneration in company shares?													
	No	No	No	. The law does not require but permits directors to take a portion of their	No	No	No	No	No	No	No	No	No

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				remuneration in stock options									
VI-7.4 Does law or regulations require disclosing how director's compensation was reviewed and evaluated?													
	No	No	Yes	Yes, in the annual report	Yes for banks, others are recommended	The Malaysian Code of Corporate Governance recommends that companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.	No	No	No legislative requirement. (recommended by the Code of Corporate Governance)	No	Yes	No legislative requirement. (recommended by the CG Principles)	No
VI-7.5 Is compensation linked to the performance of the director?													
	No	Yes	No	Not mandated, but recommended Corporate Governance Voluntary Guidelines 2009.	Yes	The law is silent on the form of directors' remuneration; it is up to the companies to decide the proper remuneration package for directors.	No	Yes (Under the Revised CCG)	Not mandatory but recommended that pay for executive directors be linked to individual and company performance	Not mandatory but recommended	Not mandatory but recommended	Yes (recommended by CG principles)	Yes
VI-8. Self-Dealing Transactions													
VI-8.1 Under which circumstances must self-dealing transactions be disclosed to ~													

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(a) The board of directors	if a board member or any of his/her company is involved	i) self-dealing transaction with individual above 300,000 RMB; ii) self-dealing transaction with entity above 3,000,000 RMB or above 0.5% of total net asset; iii) audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	a director who has material interest in a transaction must disclose his/her interest to the BOD	No director or firm in which the director is a partner shall enter into a transaction with a company, the cost of which exceeds 5,000 Rupees or more, unless the consent of the BOD has been obtained for such contract. However in case of company having a paid up share capital of not less than Rupees 1 Crore, no such contract may be entered into or executed without the previous consent of the Central Government All the RPTs, details of material RPTs, justifications, if not entered at arm's length basis etc.. should be disclosed to Audit Committee, which should review all RPTs	all related party and conflicts of interest transactions	where a director is, directly or indirectly, interested in a contract	every director who is in any way concerned or interested in any contract shall disclose the nature of his/her concern or interest at BOD meeting	Board must approve all transactions	Whenever a director has an interest in a transaction, a director has to disclose this to the board of directors, except for cases where the interest of the director consists only of being a member or creditor of a corporation which is interested in a transaction or proposed transaction with the first-mentioned company if the interest of the director may properly be regarded as not being a material interest.	transaction exceeding 1% of the total sales or asset; cumulated transaction exceeding 5% with the same party	1. if there are material transactions between an enterprise and its related parties, the enterprise should disclose related information in the footnotes of its financial statements, which should reported to the board of directors 2. where the aggregate transactions taken place between all subsidiaries of a financial holding company and the related-party reach a certain amount or a certain percentage, the financial holding company shall, within 30 days after the end of each quarter in each fiscal year, report to the Competent Authority, and disclose the same via public announcement, the Internet.	if the transaction exceeds 1 million Baht or larger than 0.03% of net tangible asset, whichever is higher	All transactions

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
(b) The shareholders	Loan, Guarantee or securities granted	audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	listed companies must announce related party transactions that do not fall under any exceptions or which percentage ratios are≥0.1% or ≥1% if transaction involves a person who is connected to the listed company by virtue of his relationship with the company's subsidiaries , or >5% and total consideration is <HK$1 million	Directors' interest in proposed resolutions are required to be disclosed in the explanatory statement attached to the notice of the General Meeting. Further, all the RPTs should be disclosed in annual report.	all related party and conflicts of interest transactions	any transaction with a director of the company or its holding company or with a person connected with such director	Any contract of appointment of CE, Managing Agent, Whole-time Director, and Secretary in which a director is interested /concerned is to be informed to Shareholders in Directors' Report or through a memo.	self-dealing transactions must be disclosed	any transaction with value >3% of Net Tangible Asset unless the amount is less than S$100,000	transaction exceeding 1% of the total sales or asset; cumulated transaction exceeding 5% with the same party	Disclosure through financial statements and through MOPS for public company	if the transaction exceeds 20 million Baht or larger than 0.03% of net tangible asset whichever is higher	Transactions with value at least 50% of total assets recorded in the latest financial statement
(c) The Stock Exchange or Securities Commission	No	i) self-dealing transaction with individual above 300,000 RMB; ii) self-dealing transaction with entity above 3,000,000 RMB or above 0.5% of total net asset; iii) audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	Companies must notify the HK Stock Exchange after the terms of such transaction have been agreed. It must also disclose the self-dealing transaction if the transaction meets certain criteria	Directors are required to disclose the details regarding their interest any agreement or contract to be entered into by the company and he/she should abstain from participating or voting in the resolution in which he is interested. Further, Prohibition of Insider Trading Regulations	All related party and conflicts of interest transactions must be disclosed to Bapepam-LK and announce to public the information related to the transactions no later than 2 days after the transactions occurred.	i) dealings in securities by substantial shareholders are announced to the stock exchange via changes in their securities holding. ii) dealings in securities by directors and principal officers of listed issuers are subject to stringent disclosure requirements under the Listing		self-dealing transactions must be disclosed	any transaction with value >3% of Net Tangible Asset unless the amount is less than S$100,000	No	Disclosure through financial statements and through MOPS for public company	if the transaction exceeds 1 million Baht or larger than 3% of net tangible asset	Transactions less than 50% of total assets recorded in the latest financial statement

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				requires directors to disclose on periodical basis their holdings/acquisitions/sale etc of the listed securities of the company.		Requirements							
VI-8.2 Under which circumstances must self-dealing transactions be approved by ~													
(a) The board of directors	if a board member or any of his/her company is involved	i) self-dealing transaction with individual above 300,000 RMB; ii) self-dealing transaction with entity above 3,000,000 RMB or above 0.5% of total net asset; iii) audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	a director who has material interest in a transaction must disclose his/her interest to the BOD and abstain from voting	No director or firm in which the director is a partner shall enter into a transaction with a company, the cost of which exceeds 5,000 Rupees or more, unless the consent of the Board of Directors has been obtained for such contract.	Members of BOD not involved in transactions approve the transactions. If all members of BOD are involved, BOC approves the transactions. If some members of BOC are involved, they cannot approve the transactions.	Whilst the Companies Act does not expressly provide for the approval of the board with regards to RPT, paragraph 10.08(6) provides that a director who has an interest in an RPT transaction must abstain from board deliberation and voting on the relevant resolution in respect of the RPT. Therefore the requirement for board approval is imposed.	the officer who is any way concerned or interested in any proposed contract is required to disclose the nature of his/her concern and obtain prior approval of the directors	Board must approve all transactions	No	transaction exceeding 1% of the total sales or asset; cumulated transaction exceeding 5% with the same party	1. a matter bearing on the personal interest of a director and a material asset or derivatives transaction, shall be submitted to the board of directors for approval by resolution; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting 2. when a Financial Holding Company or	if the transaction exceeds 1 million Baht or larger than 0.03% of net tangible asset, whichever is higher	Transactions with value at least 50% of total assets recorded in the latest financial statement

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
											its Subsidiary engages in transactions other than credit extension with the related-party, the terms of such transactions shall not be more favourable than offered to similarly situated customers, and such transactions require the concurrence of at least 3/4 of all of such Financial Holding Company's or Subsidiary's directors present at a BOD meeting attended by at least 2/3 of the directors.		
(b) The shareholders	Loan, Guarantee or securities granted	audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	listed companies must obtain prior shareholders' approval for all related party transactions that do not fall under any exceptions or which percentage ratio are ≥5% or ≥25% and total consideration is ≥HK$10 million	No need to be approved by the shareholders Appointing director or its relative in office or place of profit requires shareholders approval. Further Shareholders approval is required, to remit, or give time for the repayment of,	Conflict of interest transactions that meet some criteria, e.g., the value of the transaction is more than 5 billion rupiah or more than 0.5% of capital.	Under Paragraph 10.08, Chapter 10 of the Bursa Listing Requirements, for RPT with percentage ratio of 5% or more, shareholders' approval must be obtained. For transaction between the listed issuer and its subsidiary company,		No need to be approved by the shareholders but as provided in CCP, under certain circumstances must be ratified by shareholders	any transaction with value >5% of Net Tangible Asset unless the amount is less than S$100,000	transaction exceeding 1% of the total sales or asset; cumulated transaction exceeding 5% with the same party	A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. The approval	if the transactio n exceeds 20 million Baht or larger than 0.03% of net tangible asset, whichever is higher	

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
				any debt due by a director.		there is no need for shareholders' approval if Board of Directors approve of the transaction before the terms are agreed on.					shall be given upon a resolution adopted by a majority of the shareholders present who represent 2/3 or more of its outstanding shares.		
(c) The Stock Exchange or Securities Commission	No	i) self-dealing transaction with individual above 300,000 RMB; ii) self-dealing transaction with entity above 3,000,000 RMB or above 0.5% of total net asset; iii) audit by external auditor needed if self-dealing transaction exceeds 30,000,000 RMB or 5% of total net asset	no approval needed	Loan to directors or entities in which he is interested requires Central government approval.	No	Stock Exchange: Paragraph 10.08, Chapter 10 of the Bursa Listing Requirements states that no approval needed but the company would have to comply with the Bursa Listing Requirements checklist for RPT under Appendix 10B and Part A of Appendix 10D. Securities Commission: No approval needed.		No	No	No		no approval needed	
VI-8.3 What are the legal consequences for violating these rules?													
(a) Disgorgement	No		No	Yes	No	Yes		Yes	For directors who actually undertake self-dealing transaction could be subject to fines not exceeding $5,000 or to imprisonment for a term not	Jointly and severally liable	civil liability	The company may bring an action against the director for disgorgement of the	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
									exceeding 12 months			benefits which such director obtains from non-compliance self-dealing transaction.	
(b) Criminal penalty	No	Yes	fine	Yes	Yes	Section 132E provides the penalty of imprisonment for seven years or RM250 000 or both.		Yes	Yes	Yes (max of 5 years)	imprisonment (three ~ five years)	Yes. (directors who fail to perform their shall be liable to a fine not exceeding the damages or the benefit obtained but not less than five hundred thousand baht. Moreover, in case of dishonest intent, such director shall be liable to imprisonment for a term not exceeding five years and a fine not exceeding two times the damages incurred	Yes

	Bangladesh	China	HK China	India	Indonesia	Malaysia	Pakistan	Philippines	Singapore	South Korea	Ch. Taipei	Thailand	Vietnam
												or the benefit obtained but not less than one million baht or both.	
(c) Other sanctions	Financial penalty	the income could be forfeited	subject to fines	Penalties are being substantially increased in the Companies Bill, 2009	Administrative sanction	private or public reprimand, fines (not exceeding RM 1 million), directions for ratification, imposition of moratorium on or prohibition of dealings, and etc.	officers and directors who fail to comply are liable to a fine which may extend to 5,000 rupees	temporary or permanent disqualifications	Public or private reprimand by the SGX		Special administrative sanctions for financial institutions	Director who possession of any characteristic indicating a lack of appropriateness in respect of trustworthiness in managing business shall be removed from his directorship and shall not maintain his directorship in the company.	

ANNEX B: LIST OF ASIAN ROUNDTABLE PARTICIPANTS

Australia

Mr. Bill PALMER
Director Asia
Institute of Chartered Accountant

Bangladesh

Mr. Farhad AHMED
Executive Director
Securities and Exchange Commission

Prof. Baqui KHALILY
Chairman, Center for Corporate Governance and Finance Studies, Professor at the Department of Finance
University of Dhaka

Prof. Salahuddin KHAN
Professor of Finance and Director
Center for corporate Governance and Finance Studies
University of Dhaka

People's Republic of China

Ms. Sun HONGXIA
Deputy Director
Division of Listed Company Supervision
China Securities Regulatory Commission (CSRC)

Professor Ruyin HU
Director, Research Centre
Shanghai Stock Exchange

Ms Xinghui JIANG
Director
China Securities Regulatory Commission(CSRC)

Mr. Liang LI
Deputy Director General
Department of Growth Enterprise Board Supervision
China Securities Regulatory Commission (CSRC)

Mr. Shiguang LIAO
Researcher
Research Center
Shanghai Stock Exchange

Prof Tong LU
Director of Center for Corporate Governance
Chinese Academy of Social Sciences(CASS)

Mr. Daochi TONG
Director-General
China Securities Regulatory Commission(CSRC)

Ms. Huifang WANG
Manager
Shenzhen Stock Exchange

	Dr. Weidong Zhang Shanghai Stock Exchange	**Dr. Zhengjun ZHANG** Senior Research Fellow Enterprise Research Institute Development Research Center of the State Council of China
	Mr. Lixin ZHAO Director-General China Securities Regulatory Commission(CSRC)	**Mr. Nanlei ZHENG** Researcher Shenzhen Stock Exchange
Chinese Taipei	**Ms. Ying-Hua CHEN** Domestic Listing Department Taiwan Stock Exchange Corporation	**Ms. Hsin-Hui HSIEH** Associate Domestic Listing Department
	Professor Lawrence LEE Associate Professor Asia University, Department of Finance & Economic Law	**Mr. Ming-Chi LEE** Securities and Futures Bureau
	Mr. Lawrence LIU Executive Vice President China Development Financial Holding Corporation	**Mr. Yin-hua YEH** Commissioner Financial Supervisory Commission
France	**Mr. Patrice AGUESSE** Director, Regulatory Policy Division French Securities Exchange Commission	
Germany	**Mr. Rainer GEIGER** Attorney-at-law, Senior Advisor Governance and Development	**Mr. Christian STRENGER** Member of the German Corporate Governance Commission Supervisory Board DWS Investment GmbH
Hong Kong, China	**Mr. Phillip BALDWIN** Chief Executive The Hong Kong Institute of Company Secretaries	**Mrs. April CHAN** President of The Hong Kong Institute of Chartered Secretaries (HKICS) of Corporate Secretaries and International Association (CSIA)
	Dr. Stephen CHEUNG Dean, School of Business Hong Kong Baptist University	**Mr. Charles GRIEVE** Senior Director, Corporate Finance Division Securities & Futures Commission (SFC)

India

Mr. R. ANAND
Assistant General Manager
Corporate Finance Department,
Division of Issues and Listing-II
Securities and Exchange Board of India (SEBI)

Mr. Sumant BATRA
Lead Partner
Kesar Dass B & Associates,
Corporate & Commercial Lawyers

Mr. Biswajit CHOUDHURY
Deputy General Manager
Securities and Exchange Board of India (SEBI)

Mr. Sunil KADAM
General Manager, Corporation Finance Department
Division of Issues and Listing II
Securities and Exchange Board of India

Ms. Alka KAPOOR
Joint Director (Academics)
The Institute of Company Secretaries of India

Mr. Kranti PATANKAR
Division of Funds-II
Investment and Exchange Board of India
Securities and Exchange Board of India

Mrs. Pradnya SARAVADE
Former Executive Director
Securities and Exchange Board of India

Indonesia

Mr. Eddie M. GUNADIE
Forum Corporate Governance for Indonesia (FCGI)

Ms. Lasdini PURWANTI
Head of Division
Indonesian Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK)

Mr. Tony SILITONGA
Director
Corporate Governance & Leadership
Indonesian Institute for Corporate Directorship

Dr. James SIMANJUNTAK
General Secretary of Management
Indonesian Institute for Corporate Directorship (IICD)

Dr. Sidharta UTAMA
Chairman
Indonesian Institute for Corporate Directorship (IICD)

Ms. Etty WULANDARI
Head of Accounting and Disclosure Standards Bureau
Ministry of Finance of the Republic of Indonesia
BAPEPAM-LK (Indonesian Capital Market and Financial Institutions Supervisory Agency)

Italy

Dr. Marcello BIANCHI
Head of Regulation Impact Analysis Office
Economic Regulation Division

Japan

Mr. Hiroshi KOMORI
IR consulting Group Head
Stock Transfer Agency Dept.
Sumitomo Trust and Banking

Mr. Yoshikazu MAEDA
ESG Senior Analyst
Governance for Owners Japan KK

Ms. Yoshiko NAKANO
Deputy Director, International Financial Markets
Office of International Affairs
Financial Services Agency

Mr. Atsushi SAITO
President & CEO
Tokyo Stock Exchange Group, Inc.

Ms. Jun Yan LU
Manager
Listing Department
Tokyo Stock Exchange, Inc.

Mr. Hideaki MIYAJIMA
Professor of Japanese Economy
Waseda University

Mr. Toshiaki OGUCHI
Representative Director
Governance for Owners Japan

Korea

Professor Hasung JANG
Dean and Professor of Finance
Korea University, Business School

Professor Joongi KIM
Professor of Law
Yonsei Law School

Mr. Jisoo LEE
Analyst
Centre for Good Corporate Governance

Mr. KANG YUN SIK
Chief Researcher
Korea Corporate Governance Service

Mr. Han Jin LEE
Deputy Director
Capital Market Division
Financial Services Commission Korea

Mr. Yung Wan SUH
Senior vice president
Kospi Market Division
Korea exchange

Malaysia

Rita BENOY-BUSHON
CEO, Minority Shareholder Watchdog Group, Malaysia

Mrs. Margaret CHIN
Vice-President
Malaysian Institute of Corporate Governance (MICG)

Mr. Mustapha FEIZAL
Senior General Manager & Head of Market Development Department
Securities Commission Malaysia

Dr. Nik MAHMOOD
Managing Director
Securities Commission

Mr. Paul CHAN
Deputy President
Malaysian Alliance of Corporate Directors (MACD)

Anil Joshi Hari CHAND
Head, Regulatory Services (Advisory and Reform), Minority Shareholder Watchdog Group

Professor Salleh HASSAN
Associate
Minority Shareholders Watchdog Group (MSWG)

Lya RAHMAN
General Manager, Corporate Services, Minority Shareholder Watchdog Group, Malaysia

Ms. Selvarany RASIAH
Chief Regulatory Officer
Regulations
Bursa Malaysia Bhd

Pakistan

Mr. Fuad HASHIMI
President & CEO
Pakistan Institute of Corporate Governance

Mr. Asif SAEED
Chairman, Department of Economics
Economics Department
GC University

Ms. Asma TAYYIBA
Deputy Director
Companies Registration Office, Company Law
Securities and Exchange Commission of Pakistan

Philippines

Dr. Jesus ESTANISLAO
Chairman
Institute of Corporate Directors

Mr. Jonathan MORENO
President & CEO
Institute of Corporate Directors

Singapore

Mr. John LIM
Chairman
Singapore Institute of Directors (SID)

Mr. Yuen Teen MAK
Associate Professor
National University of Singapore

Ms. Grace TAN
Chief Executive
Singapore Association of the Institute of Chartered Secretaries and Administrators (SAICSA)

Thailand

Mr. Charuvastr CHARNCHAI
Former President
Thai Institute of Directors

Dr. Piman LIMPAPHAYOM
Professor
Portland State University & Sasin Graduate Institute of Business Administration of Chulalongkorn University

Mr. BANDID NIJATHAWORN
President
Thai Institute of Directors

Mr. Prakid PUNYASHTHITI
Assistant Secretary General
US Securities and Exchange Commission

Mr. Hiran RADEESRI
Chairman
Advisory Committee on Corporate Governance Development
Stock Exchange of Thailand

Ms. RONGRUJA SAICHEUA
Thai Institute of Directors Association

	Mr. Pornchai TAVARANON Deputy Head, Industry Development Center Good Governance Development & Alliance Department	**Ms. Munnapinun WIRAWAN** Research and Policy Manager Research & Policy Thai Institute of Directors Association
United States	**Mr. Ben CUSHMAN** International Economist U.S. Department of the Treasury	
Viet Nam	**Mr. Nguyen HA** Senior Lecturer, Director of Executive MBA Programs, Hanoi National University Hanoi School of Business	**Mr. Bui HAI** Deputy Head, Issuance Division Securities Issuance Department State Securities Commission of Vietnam
	Mrs. Vu Thi Kim LIEN Chairman Vietnam's State Securities Commission (SSC)	**Mr. Tran Quang LONG** Listing Department Hanoi Stock Exchange

INTERNATIONAL ORGANISATIONS

Asian Corporate Governance Association	**Ms. Sharmila GOPINATH**	**Mr. Charles LEE** Advocacy Manager
Asian Development Bank (ADB)	**Mr. Jaseem AHMED** Former Director Financial Sector, Public Management & Trade Division	**Mr. Ismail MOHD SANI MOHD** Trade and Finance Specialist Asian Development Bank (ADB)
Center for International Private Enterprise(CIPE)	**M. John CALLEBAUT** Regional Director Center for International Private Enterprise (CIPE)	
CFA Institute Centre for Financial Market Integrity	**Mr. Kha Loon LEE** Head, Asia Pacific, CFA Institute Centre for Financial Market Integrity Chartered Financial Analyst Institute for Financial Market Integrity	

CS International, Chartered Accountant, FAICD	**Ms. Anne MOLYNEUX** Director CS International, Chartered Accountant, FAICD	
Global Corporate Governance Forum	**Mr. Pratip KAR** Advisory Council Member and Consultant Global Corporate Governance Forum, International Finance Corporation **Mr. Eugene SPIRO** Senior Projects Officer Global Corporate Governance Forum, International Finance Corporation	**Ms. Lopa RAHMAN** Consultant IFC Global Corporate Governance Forum
International Corporate Governance Network (ICGN)	**Mr. Carl ROSÉN** Executive Director	**Ms. Kerrie WARING** Chief Operating Officer & Company Secretary International Corporate Governance Network
International Finance Corporation (IFC)	**Mr. Charles CANFIELD** Senior Corporate Governance Officer IFC East Asia & Pacific Department - Corporate Governance **Ms. Zhoawen LIN** Corporate Governance Officer International Finance Corporation (IFC)	Mr. Juan Carlos FERNANDEZ Senior Operations Officer International Finance Corporation
ISS	**Dr. David SMITH** Head, Asia Corporate Governance Research	
World Bank	**Dr. David ROBINETT** Private Sector Development Specialist Corporate Governance World Bank	

OECD

Mr. Richard BOUCHER
Deputy Secretary-General
SGE
OECD

Mr. Kenji HOKI
Former Outreach Advisor
DAF/CA
OECD

Mrs. Fianna MUCHNIK-JESOVER
Senior Policy Analyst
DAF/CA
OECD

Dr. Grant KIRKPATRICK
Deputy Head of Division
DAF/CA
OECD