

## **March 2012 Technical Seminar**

**Description:** A one-day technical seminar has been organized to address three topics related to corporate governance and listing requirements: i) the role of the stock exchange in setting corporate governance standards; ii) disclosure and transparency; and iii) enforcement of insider trading and market manipulation laws. This is the first event of the recently re-launched OECD Russia Corporate Governance Roundtable, sponsored by MICEX-RTS.

(Russian-English simultaneous interpretation will be provided).

**Venue:** MICEX-RTS Conference Room, 4/7 Vozdvizhenka Str, Bld 1, Moscow, Russian Federation, 125009.

**Date:** Friday March 30 2012.

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### **Agenda**

**9:00 to 9:20 Registration and welcome coffee**

**9:20 to 9:40 Opening remarks**

- Ruben Aganbegyan, CEO, MICEX-RTS.
- Sergey Shvetsov, Deputy Chairman, Bank of Russia.

**9:40 to 11:30 The role of the stock exchange in setting corporate governance standards**

Historically, stock exchanges have exercised important regulatory powers. Notably, exchanges have been endowed with the responsibility to set listing and maintenance standards and have exercised enforcement powers vis-à-vis these standards. A number of exchanges worldwide have developed compartments or tiers which allow them to create custom regimes for companies of a certain size or sector. Stock market indices have also appeared that aim to identify better governed companies.

In Russia, as now MICEX and RTS have merged, an opportunity has been created to revise the role of the exchange in setting corporate governance standards. The FFMS and MICEX-RTS are discussing the options already and a debate could raise relevant issues for this dialog.

- What is the best practice in terms of corporate governance requirements included in listing requirements? Where are the main differences between the best practice and the current Russian listing requirements?
- What is the added value of creating differentiated listing requirements for listing segments? What is the evaluation of the Russian experience?
- Who bears the liability to monitor compliance and enforce the corporate governance listing requirements in the leading stock exchanges? What is

the case in Russia?

- What sanctions can stock exchange levy on non-compliant issuers? Is the approval of the securities regulator required before the exchange can delist a company or levy sanctions? What is the current Russian situation?

Speakers:

- Alissa Amico, Policy Analyst, OECD Corporate Affairs Division.
- Oleg Shvyrkov, Director of Corporate Governance, Deloitte Russia.
- Thomas Krantz, Secretary General, World Federation of Exchanges.

Commentators:

- Elena Kuritsina, FFMS.
- Oksana Derisheva, MICEX-RTS.
- Rostislav Kokorev, Ministry of Economic Development.
- Alexander Branis, Prosperity Capital Management.
- Mike Lubrano, Cartica Capital.
- Pavel Nezhutin, Rostelekom.
- Igor Belikov, RID.

Moderator: Héctor Lehuedé, Senior Policy Analyst, OECD.

**11:30 to 11:45 Coffee break**

**11:45 to 13:30 Disclosure and transparency**

Worldwide, stock exchanges have played a key role in ensuring transparent and orderly markets. They have ensured timely and transparent execution of trades and monitored disclosures by listed companies. But ensuring that investors are provided with adequate information begins with reviewing the initial public offering documents and continues thereafter. All exchanges have ongoing reporting requirements, which typically include quarterly and/or annual financial reports and reporting on material events.

Currently, the listing requirements in Russia establish the obligation of the issuers to submit information on their compliance with corporate governance requirements on a quarterly basis. At the same time, the FFMS regulation on information disclosure stipulates the obligation of the issuer to include information on its annual report about its adherence to recommendations of the Corporate Governance Code of 2002.

Nevertheless, in practice, there is often a formalistic approach to the fulfillment of these obligations and the information disclosed does not give potential investors and other concerned parties a clear picture of the company's corporate governance arrangements and practices. Opaque beneficial ownership information is one of the controversial aspects in the Russian landscape that has effects on a large number of related issues.

- What is the international benchmark on disclosure of corporate governance arrangements? What is the format and periodicity of disclosure of this information under best practices?

- How to achieve harmonization of disclosure requirements between the Russian and international best practice (for domestic and foreign issuers)?
- Are there Russian-specific issues that require stronger disclosure?
- How to improve disclosure of beneficial ownership of listed companies?
- What is the current setting for State-owned enterprises disclosure?

Speakers:

- Barbara Georg, Head of Listing & Issuer Services Deutsche Börse AG.
- Erik P. M. Vermeulen, professor of business law and finance, Department of Business Law, Tilburg University.
- Vladimir Gerasimov, Executive Director, Interfax Group.

Commentators:

- Elena Kuritsina, FFMS.
- Tatyana Medvedeva, FFMS.
- Ekaterina Nikitchanova, RID.
- Rostislav Kokorev, Ministry of Economic Development.
- Alexander Chmel, PwC.
- Alexey Timofeev, NAUFOR.
- Vladislav Kuzovov, Surgutneftegas.
- Dmitriy Glazounov, Liniya Prava.
- Alexander Ikonnikov, IDA.

Moderator: Vladimir Gusakov, Managing Director on Corporate Development, MICEX-RTS.

**13:30 to 14:45 Lunch break**

**14:45 to 16:30 Enforcement of insider trading and market manipulation laws**

The OECD Principles of Corporate Governance (Principle III.B.) call for the prohibition of insider trading and self-dealing. In Russia, the prohibition was established by Federal Law No. 224-FZ “On Counteracting the Abuse of Inside Information and Market Manipulation and on Amendments to Certain Laws of the Russian Federation”. It was adopted on July 2010, and ratified by the Russian President on July 2010.

In short, the law introduces statutory definitions of “insider” and “inside information” and amends the definition of “market manipulation.” It establishes criminal liability for illegitimate use or transfer of inside information and liability for failing to comply with certain requirements, and furthermore tightens criminal liability for market manipulation. It also imposes disclosure obligations on insiders and sets out the functions and authority of FFMS in its capacity to combat market abuse.

The legislation has come into force in stages starting in January 2011. Certain relevant provisions, including those setting out what data constitutes inside information and regulating the maintenance of the insider lists at companies, have entered into force only on January 2012.

Provisions establishing criminal liability and the possibility of revocation of a banking license will only be effective next year.

- How does the new Russian law compare with international best practices on the field?
- Is there any need for further harmonization with the international standards?
- What will be the monitoring and enforcement mechanisms that will be used to promote compliance?
- Is there a role for the listing requirements and the activity of the stock exchange? How is the collaboration between the exchange and the securities regulator defined and formalised?

Speakers:

- Joanna Banach, Polish Financial Supervision Authority.
- Mike Lubrano, Managing Director, Cartica Capital.

Commentators:

- Svetlana Kopylova, Renaissance Group.
- Darya Savchenko, Goldman Sachs.
- Maria Shapiro, Gazprombank.
- Pavel Philimoshin, FFMS.
- Vyacheslav Krylov, FFMS.
- Anton Savushkin, MICEX-RTS.
- Konstantin Volkov, National Securities Market Association.
- Alexander Naumov, Association of Russian Banks.

Moderators: Alexander Ikonnikov, Chairman, Independent Director Association and Andrey Salashchenko, Managing Director on Government Relations, MICEX-RTS.

### **16:30 to 17:00 Conclusions and closing remarks**

- Alexander Ikonnikov, Chairman, Independent Director Association.
- Vladimir Gusakov, Managing Director on Corporate Development, MICEX-RTS.

### **Speakers Bio**

#### **Alissa Amico**

Alissa is a policy analyst at the Corporate Affairs Division of the OECD. There, she is primarily responsible for managing the OECD's work on improving corporate governance in the Middle East and North Africa region and contributing to the work programme of the OECD's Corporate Governance Committee. She has authored a number of publications on the role of stock exchanges in corporate governance. Alissa has participated in a number of national corporate governance commissions, charged with designing corporate governance codes or regulations. She holds a Bachelors degree in Business Administration from the Schulich School of Business, York University (Canada) and a Masters degree in Political Economy from the London School of Economics (UK). She is a member of a number of professional organizations such as the French Institute of Directors.

**Joanna Banach** Joanna is Expert at the Law Department of the KNF - Polish Financial Supervision Authority, where she carries out criminal proceedings on insider trading and market manipulation. She takes part in the works of ESMA-Pol (standing committee of ESMA focusing on issues related to Market Abuse Directive) and ESMA Corporate Governance Advisory Group gaining international background and expertise. At many occasions she has represented the KNF sharing her knowledge on market abuse with guests from all over the world. Joanna obtained masters degree in International Management at the Warsaw School of Economics.

**Barbara Georg** Barbara is Head of Listing & Issuer Services at Deutsche Börse, where she has worked since 1999. As such, she is responsible for national and international companies planning an IPO or already listed, as well as the further development of the stock exchange segments. As Head of Section, she is also entirely responsible for securities listing on the cash market and the rule enforcement, a position she has held since 2006. After studying law at the Universities of Saarbrücken, Exeter (England) and Bonn, Barbara, a fully qualified lawyer, worked for Deutsche Bank, where she was responsible for the stock exchange admission of bond issuances.

**Vladimir Gerasimov** Vladimir is Executive Director at Interfax Group, where he has worked since 1991. Before joining Interfax Vladimir worked at USSR State TV and Radio Broadcasting Committee, where he created the news agency's first business and finance products. In his current position Vladimir oversees the SPARK, EfIR, SCAN projects, financial news services and several of the Group's international partnerships, including Interfax-D&B, Moody's Interfax Rating Agency, United Credit Bureau. He is the member of the Government's Commission for implementing information technologies in the activity of state agencies and local government; the Expert Council on Corporate Governance under the Russian Federal Financial Markets Service (FFMS); the Federal Tax Service's Public Council; CJSC MICEX Stock Exchange's Listing Committee. Vladimir graduated from Moscow State University's School of Journalism. Completed a Reuters business journalism course in 1992.

**Thomas Krantz** Thomas serves as Secretary General of the World Federation of Exchanges, the Paris-based trade association for the regulated financial exchange industry world-wide. He has been with the Federation since 1997. Before coming to WFE, he worked as an institutional investment advisor and head of the sales team at the Banque de Gestion Privée/Crédit Agricole group in Paris. Prior to that, he was a stockbroker and head of the sales/trading table at the Dresdner Bank group's Paris office. He also worked at Arthur Young in Paris as an auditor/consultant in the financial services sector. From 1986-88, Thomas managed central bank monetary reserves deposited at the Bank for International Settlements in Basle, Switzerland, along with the bank's own capital invested in multi-currency treasury instruments. He worked at Chase Manhattan Bank in New York and Paris in country risk evaluation and in corporate banking for trading and commodity companies.

**Mike Lubrano** Mike is Managing Director, Corporate Governance, of Cartica Capital. Prior to joining Cartica, he set up IFC's corporate governance practice and served as Manager of IFC's Corporate Governance Unit. After joining IFC in 1997, Mike established corporate governance as a central element of IFC's

sustainable development strategy. He developed the IFC Corporate Governance Methodology, which is used to assess the quality of governance of potential IFC clients and to identify opportunities to add value by improving their boards, control environment, transparency and disclosure, and treatment of financial stakeholders. Prior joining IFC, he worked for the World Bank and was an international securities lawyer with Cleary, Gottlieb, Steen & Hamilton. He received his A.B. magna cum laude from Harvard College; his J.D. cum laude from New York University School of Law; and his M.P.A. from Princeton University.

**Oleg Shvyrkov** Oleg is Director for Corporate Governance, Deloitte CIS, where he is in charge of Deloitte's governance-related services in the CIS and focuses on holistic governance analysis and research. He participates in several professional associations, including the National Council for Corporate Governance in Russia, the Taskforce for Development of the International Financial Center in Moscow, and the International Corporate Governance Network. Before joining Deloitte in 2012, he provided analytical guidance for Standard & Poor's Governance Services performing interactive, issuer-paid governance assessments in the BRIC countries. In addition to supervisory functions, criteria development and research, Oleg served as lead analyst on the group's major clients in Russia, Kazakhstan, and Brazil, chiefly in oil & gas.

**Erik P.M. Vermeulen** Erik is Senior Counsel Corporate at Philips in the Netherlands. In this function, he works on matters of corporate governance and corporate structuring within the Philips group of companies, international M&A transactions and corporate venturing. He is also Professor of Business Law at Tilburg University Law School and Chairman of the Department of Business Law. In addition to having held visiting positions at Ghent University in Belgium, Pontificia Universidad Javeriana in Colombia and Tias-Nimbas Business School in the Netherlands, he is also visiting professor at Kyushu University Faculty of Law in Japan. Erik has worked on international projects concerning financial markets, corporate law and corporate governance in listed and non-listed companies. He has written extensively in the area of corporate law, partnership law, corporate governance, joint ventures and venture capital. His current research looks at trends in corporate governance, disclosure regimes, financial and venture capital markets, dispute resolution and enforcement, business law/lawyers and innovation, and listings on alternative stock markets. He is a member of the European Venture Club Council and a member of the Board of the Foundation for Education of Inhouse Lawyers in the Netherlands.