White Paper on Strengthening the Role of Institutional Investors in Latin American Corporate Governance: Revision Update

Davit Karapetyan, IFC
Daniel Blume, OECD
2009
History of Drafting

• Draft outline for discussion in Medellin, Colombia in 2007

• Was based on the country task force reports from Argentina, Brazil, Chile, Colombia, Mexico and Peru

• First full draft prepared and discussed in Mexico City, Mexico in 2008 - feedback from external commentators and RT participants

• The current draft for approval (additional on-line consultation launched - feedback expected by December 16, 2009)
Key Improvements 1

• Update of market characteristics to include 2008 data, including consequences of the financial crisis

• Reflecting changes derived from the crisis - input from OECD

• Updating country-specific information, where available (Brazil, Chile, Mexico)

• Reflecting on the role of banks and the role of the State in corporate governance

• Making the document more user-friendly (TOC and cross-references between the introduction and recommendations sessions, web-friendly version to be issued)
• More focus on:

- What institutional investors should do to responsibly exercise their ownership rights
- Disclosure of the investors’ investment and voting policies
- Enabling investors to vote and exercise their rights, particularly in cross-border context
- Involving custodians and intermediaries through whom the ownership rights are often exercised
- More attention to IIs playing leadership role, especially those with a social purpose
- Recognizing the importance of internal governance, compensation and conflict of interests treatment of IIs and of the increased transparency in their operations
- Investor communication
- Rating agencies and service providers being only an input to decision-making
Next Steps

• Hear and discuss progress of implementation of some WP recommendations (Brazil, Chile, Mexico, others) - today

• Feedback from RT participants - today

• Feedback from the public consultation - December 2009

• The Roundtable’s formal endorsement of the current draft and issuance of the final version (the final changes and modification will be communicated in writing) - beginning of 2010