

# Hawkamah signs MoU with Emirates Securities and Commodities Authority

First ever corporate governance framework for listed companies in the UAE to be developed

Hawkamah, the Institute for Corporate Governance in the region, and Emirates Securities and Commodities Authority (ESCA) have signed a groundbreaking memorandum of understanding (MoU) to develop the first ever corporate governance code for listed companies in the UAE. The MoU was signed by Abdulla Al Turaifi, CEO of ESCA and Dr Nasser Saidi, Executive Director of Hawkamah.

ESCA is the first capital market authority in the region which will develop and introduce corporate governance codes for listed companies consistent with international standards and best practice. The framework for the codes will include the principles of transparency, disclosure, protection of investors and shareholders rights, responsibilities of the board and the importance of independent directors as well as financial reporting in accordance with international accounting and auditing standards. Introducing and implementing good corporate governance principles and practice will contribute to building investor confidence in financial markets and listed companies.

The signing of the MOU aims to produce governance tools and procedures to develop sound practices where high performance will be achieved by companies in addition to credibility.

According to the respective interests and objectives of both parties, ESCA & Hawkamah- the institute for corporate governance can attain on integration mechanism through adoption of governance codes and rules.

The three pivotal roles of the MOU are as follows:

1. Highlighting of public awareness as regards corporate

- governance in securities and commodities markets of UAE.
2. The exchange of information concerning corporate governance in such markets between the parties concerned.
  3. Customizing training programmes to accommodate the relevant cadres in the markets, brokerage companies, and listed companies in the field of corporate governance applications.

On the heels of the MOU signing , His Excellency, Mr. Abdullah Al-Turifi commented; ESCA is pleased to cooperate and work with Hawkamah on developing corporate governance codes for companies listed in the capital markets in UAE . These codes will help build confidence in business organizations and its host economy and provide strong incentives for international trade and investment in both”

Moreover, he added that “signing of this MOU came into effect to combat current challenges met by both capital markets and regulating authorities. Furthermore, corporate governance is a complementary catalyst to the prevailing and existing regulations and legislations in compliance with international standards laid down by “IOSCO”. Such agreement will be a further tool to ensure justice and transparency in capital markets.”

Dr Omar Bin Sulaiman, Governor, Dubai International Financial Centre, commented: “This is a very significant move for the UAE and the region. Not only will the MoU help establish the first ever corporate governance code for capital markets in the UAE, but will also catalyse the need for reform in other regional markets.

“This MoU is also very significant for the DIFC because it marks a major step forward in achieving our key objective – working towards regional development and economic diversification and growth. The best way to achieve this growth and diversification is through improving the performance and health of our corporations. It is achievable only by implementing sound governance practices.”

Dr Saidi commented: "This signing is in line with the objective of developing robust capital markets in the UAE so they can play their full role in building the UAE economy and attracting investment on a sustainable basis. This is also the first step towards bridging the corporate governance gap between international and regional capital markets and moving towards economic and financial integration through the alignment and harmonization of corporate governance standards."