

Hawkamah Annual Conference Issues Doha Declaration

Declaration calls for implementing more robust corporate governance frameworks in the region to boost financial stability

The Third Annual Conference of Hawkamah – the Institute of Corporate Governance, today issued the Doha Declaration on its concluding day, calling for the implementation of more robust corporate governance frameworks to maintain the stability and soundness of the region's financial system in the face of the global financial crisis.

Signed by policy makers, regulators, international institutions and business leaders from across the region and internationally, the Doha Declaration made extensive policy recommendations to address the financial crisis both globally and in the MENA region.

Dr. Nasser Al Saidi, Executive Director of Hawkamah said: "Corporate governance is critical to the region's ability to maintain stable financial systems and minimise the contagion effects of the global financial crisis. The MENA markets stand to gain by implementing and developing institutions and corporate governance frameworks that bolster investor trust through improved disclosure and transparency standards and rule of law. We cannot afford to ignore corporate governance; too much is at stake in our stock markets and credit markets."

The Doha Declaration emphasised the importance of effective creditor rights and insolvency systems and the development of strong rescue and restructuring frameworks. These frameworks, it said, should be urgently modernised to facilitate the rescue and restructuring of viable enterprises facing temporary and potential distress. The Declaration also stressed on the governance and accountability of regulators. Another key recommendation was to extend the regulatory and supervisory powers of central banks to investment banking and

related non-bank financial intermediation. The declaration also urged a review of regulations governing credit rating agencies as well as reform to address the shortcomings of risk management frameworks.

The Doha Declaration highlighted that Islamic finance, which has been resilient to the financial crisis, is a viable complement to conventional financing with its equity risk sharing and ethical investment principles. It called on Islamic finance institutions to continue improving their corporate governance by focusing on the disclosure rights of Investment Account Holders, the role of Shari'a boards, and their integration within the corporate governance structure of the institution.

The Doha Declaration also underlined the critical importance of good corporate governance for State and Family-Owned enterprises in the region, especially to deal with potential issues of succession of family-owned enterprises and preservation and protection of wealth.

The third Hawkamah Annual Conference was opened yesterday by HE Mr. Yousef Hussain Kamal, Minister of Economy and Finance of Qatar, and the Chairman of the Qatar Financial Market Authority (QFMA). Held under the theme, 'Is the Region Becoming a Global Player?: Corporate Governance & the Financial Crisis', the conference was organised in association with the Qatar Financial Markets Authority (QFMA), with support from the Qatar Financial Centre (QFC) and in partnership with the International Finance Corporation (IFC), the World Bank, Global Corporate Governance Forum, the Financial Services Volunteer Corps (FVC) and the Organisation for Economic Co-operation and Development (OECD).

Critical issues discussed at the conference included: corporate governance and the financial crisis; potential rise of shareholder activism; optimal regulations for advancing corporate governance; and strategies to involve private equity, future generation funds, and families in the corporate governance movement. The discussion of topical regional issues such as corporate governance for Islamic financial

institutions, private equity, sovereign wealth funds, challenges faced by regional families and insolvency and creditor rights will generate insights into the unique governance challenges faced by the region.