

Dubai Financial Market and Hawkamah sign MoU to promote good corporate governance among DFM-listed firms



Dubai Financial Market (DFM) and The Hawkamah Institute for Corporate Governance (Hawkamah) today announced the signing of a Memorandum of Understanding (MoU) to Increase Public Awareness with regards to corporate governance and its implementation in the UAE.

The two leading institutions will cooperate with each other to actively promote and improve good corporate governance practices among the companies that are listed on the DFM and across the wider UAE. The memorandum states that Hawkamah and DFM will work together to advocate corporate sector reform and improve on corporate governance in Dubai and the United Arab Emirates

The MoU was signed by Mr. Essa Kazim, Executive Chairman, Dubai Financial Market and Dr. Nasser Saidi, Executive Director of the Hawkamah institute for Corporate Governance in presence of many other officials from both parties.

Commenting on this development, Mr. Essa Kazim, Executive Chairman, Dubai Financial Market said: "This initiative reflects DFM's support to Hawkamah and its commitment to working hand in hand with a leading institution that has done considerable efforts in promoting, endorsing, and improving corporate governance in the Middle East and North Africa.

"We believe that good corporate governance provides the foundation for the growth of listed companies, as it has a positive effect on the performance of listed companies through improving their access to affordable credit and capital and increasing their decision-making capacity, operational efficiency and enhancing their reputation" he added.

Dr. Nasser Saidi, Executive Director of Hawkamah, said: "The DFM is a leading financial market and one of the most active of our region's stock exchanges. We are very encouraged that they will be championing the cause of stronger corporate governance for listed companies. Hawkamah is committed to improving corporate governance standards across the region and looks forward to supporting the DFM's leadership role in the implementation of stronger corporate governance practices and improved transparency & disclosure for listed companies, which will sustain & strengthen investor confidence

"Higher risk aversion means that investors seek well governed companies and markets to allay their fears and gain confidence. Disclosure and transparency are increasingly at a premium and at the heart of investment decisions. Given the current economic turmoil, there is a strong case for the DFM and GCC markets to "overshoot" in corporate governance, whether on the country or company level.

The MoU's goal to advocate corporate sector reform and improve upon corporate governance is supported by four broad objectives, namely to increase public awareness on corporate governance and to improve the corporate governance practices of DFM-listed companies through joint corporate governance assessments and corporate governance improvement plans for DFM's listed companies.

The other two objectives focus on developing national legal

and regulatory frameworks with respect to corporate governance, in cooperation with both the public and private sectors and in cooperating on corporate governance institution-building among DFM-listed companies and increase the training capacity of the companies through corporate governance training for their directors, managers, company secretaries and other stakeholders.

The MoU partners believe that the adoption of good governance practices by listed firms will increase the operational efficiency of the listed companies and help support open and transparent markets that will attract investment.

The country-wide promotion of best practices aiming at raising awareness of corporate governance will be carried out through conferences, roundtables and seminars, as well as developing handbooks and manuals on good corporate governance.

The Dubai International Financial Centre (DIFC) based Hawkamah, which has been actively leading the good governance initiative, and DFM, the premier stock exchange in the region, will further explore and discuss other areas of future cooperation.

Hawkamah and DFM also propose to develop corporate governance codes and guidelines as well as a communication and an awareness raising strategy having a training programme for journalists and the media as a focal point.

The two partners will also develop market incentives addressing listed companies and promote good corporate governance through various awards programmes.