

# OECD Survey of Corporate Governance Frameworks in Asia

**2017**

## **LEGEND**

**V** = voluntary

Note: if the corporate governance code is voluntary in nature (as opposed to “comply or explain”), response V=voluntary is considered as accurate.

**R** = required by law or listing rule

**L** = required by law

**LR** = required by listing rules

**C** = recommended by the corporate governance code

**SR** = securities regulator

**SE** = stock exchange

**P** = private institution

**M** = mixed (input of private and public stakeholders)

**No** = absence of a specific requirement or recommendation

**N/A** = not applicable

Please note that while efforts were made to align the structure of this document with the OECD Corporate Governance Factbook, some changes in the structure and the legend were made to accommodate regional differences and to best reflect the available information.

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This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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## Introduction

An important objective pursued by the OECD's work on corporate governance in Asia is to disseminate accurate and up-to-date information on prevailing corporate governance standards and practices in the region, using the *G20/OECD Principles of Corporate Governance* as a reference. This Survey<sup>1</sup> provides a unique consolidated snapshot of the legal, regulatory and institutional framework for the corporate governance of listed companies across 14 jurisdictions that participate in the OECD Asian Roundtable on Corporate Governance.

The OECD has conducted several studies on corporate governance issues with securities regulators and stock exchanges across Asia. In recent years, thematic reports with recommendations have been developed collaboratively by the OECD and Asian jurisdictions in order to shed light on specific corporate governance challenges, including on related party transactions, board nomination and election, as well as public enforcement.

Building on this research and analysis, partner organisations in Asia requested the OECD to develop a comprehensive source of corporate governance laws and regulations comparable to the information available in the [OECD Corporate Governance Factbook](#).

This Survey is based on the responses to a questionnaire on corporate governance frameworks that was disseminated to partner organisations in the 14 participating Asian jurisdictions in May 2016. The OECD is grateful to the securities regulators and partners such as the institutes of directors, corporate governance centers, stock exchanges in the region for their contribution to this collaborative effort. While best efforts were made to verify responses and ensure their consistency, the accuracy of the document relies on the information provided.

This Survey is a useful resource for capital market regulators, stock exchanges, listed companies and investors as they continue their efforts to reform corporate governance frameworks. The Survey reflects standards and practices in place as of 2016 and will be updated periodically to reflect any amendments to standards, allowing policymakers and practitioners to systematically track the evolution of corporate governance policies in the region, to identify weaknesses and to continue strengthening frameworks to improve corporate governance of listed companies in Asia. As such, it is expected to become a "living document", informing future collaboration with relevant institutions responsible for promoting good corporate governance practices in the region.

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<sup>1</sup> The Survey was developed by Austin Tyler, Policy Analyst, Yuan Wang, Intern, and Conal Brown, Intern, under the oversight of Fianna Jurdant, Senior Policy Manager of the Corporate Affairs Division of the OECD Directorate for Financial and Enterprise Affairs.

## 1. Brief description of the ownership structure at company level

Concentrated ownership structures are a common feature in Asian economies while dispersed structures are less typical, though there are noteworthy differences between jurisdictions. While the People's Republic of China (hereafter China) and Viet Nam, for example, are characterised by substantial state ownership, India and Korea maintain significant family ownership structures. Understanding ownership structures in Asia is critical to ensuring the development of effective corporate governance standards.

Jurisdiction	Brief description of the ownership structure
<b>Bangladesh</b>	The ownership structure of listed companies in Bangladesh is highly concentrated, with only a few companies that have dispersed ownership structures. The majority of securities in Bangladesh are owned by individual shareholders, controlling families, or members of the public rather than institutional investors or other companies. The Dhaka Stock Exchange and the Chittagong Stock Exchange have 553 listed companies, 292 and 261 respectively, and a combined total market capitalisation of USD 65.8 billion (WFE, 2016). <sup>2</sup>
<b>China</b>	Listed companies in China are characterised by concentrated ownership. Only a small portion of shares of listed companies are held by individual or foreign investors, with average ownership equaling 2.38% and 2.66%, respectively. Government and institutional investors hold large portions of shares, with 31.27% and 19.86%, respectively. <sup>3</sup> The Shanghai Stock Exchange and the Shenzhen Stock Exchange have 2 887 listed companies (1 781 and 1 106 respectively) with a total market capitalisation of USD 6.966 trillion (WFE, 2016).
<b>Chinese Taipei</b>	The ownership of listed companies in Chinese Taipei is concentrated to a large extent within family groups, with 10 of the largest shareholders holding on average 13.84% of the equity. <sup>4</sup> The Taipei Exchange has a total of 724 listed companies and has a total market capitalisation of USD 90.58 billion. The Taiwan Stock Exchange has a total of 901 listed companies and has a total market capitalisation of USD 843.13 billion (WFE, 2016).
<b>Hong Kong, China</b>	Approximately 75% of listed companies on the Stock Exchange of Hong Kong in 2012 had a dominant shareholder (e.g. an individual/family or state-owned entity) owning 30% or more of the issued shares (OECD, 2015). The Stock Exchange of Hong Kong has a total of 1 902 listed companies, with a total market capitalisation of USD 2.972 trillion (WFE, 2016).
<b>India</b>	The predominantly concentrated ownership structure in India is generally in the hands of promoters or other block holders, where a traditional culture of large corporate family-owned firms prevails. In 2012 India was also characterised by the widespread use of company groups, often in the form of pyramids with a wide basis (in many different activities and companies) (OECD, 2015). The Bombay Stock Exchange and the National Stock Exchange have 5 963 and 1 822 listed companies, respectively, with a total market capitalisation of USD 3.385 trillion (WFE, 2016).
<b>Indonesia</b>	Listed company ownership structures remain highly concentrated in Indonesia. The majority are controlled by a small number of large family-owned groups. The Indonesia Stock Exchange has 529 listed companies with a total market capitalisation of USD 409 billion (WFE, 2016). In 2011, 54% of the total market capitalisation was held by firms that belong to a family business group (OECD, 2015).

<sup>2</sup> WFE data are from June 2016.

<sup>3</sup> Thanatawee (2014).

<sup>4</sup> Lin and Chang (2008).

Jurisdiction	Brief description of the ownership structure
<b>Korea</b>	The Korea Exchange has 1 991 listed companies among which ownership is heavily concentrated within a small number of controlling shareholders and related firms. This includes widespread control by large family-owned firms; 38 family-owned large company groups own 1 364 companies. Out of these, 213 are listed on the Korean stock market, and 51.8% of the total shares are owned by controlling shareholders (OECD, 2015). Korea has a total market capitalisation of USD 1.259 trillion (WFE, 2016).
<b>Malaysia</b>	Ownership structure in Malaysia is typically concentrated. Approximately 10-12 family groups control a range of companies while several investment funds, considered government-linked hold around 30% of market capitalisation (World Bank, 2013). Families hold around 44.7% of shares in Malaysian companies. The Bursa Malaysia has 904 listed companies with a total market capitalisation of USD 399 billion (WFE, 2016).
<b>Mongolia</b>	As of January 2016, there are 320 listed companies on the Mongolian Stock Exchange, 285 of which are characterised as not having state ownership. <sup>5</sup> The market capitalisation of the Mongolian Stock Exchange as of 2012 was USD 1.3 billion (World Bank, 2016).
<b>Pakistan</b>	The average holding by the five largest shareholders of Pakistani listed companies is 65.8% meanwhile the average managerial ownership of Pakistani listed companies is approximately 25%, which shows high concentration of ownership and managerial ownership, respectively. <sup>6</sup> Despite limited access to external capital and thus relatively small firm size, family ownership is common in Pakistan. The Pakistan Stock Exchange currently has 558 listed companies and a market capitalisation of around USD 70 billion (World Bank, 2016).
<b>Philippines</b>	Family-owned firms in the Philippines frequently adopt pyramidal ownership models in which one dominant shareholder holds more than 50% of shares. Conglomerates held by families represent approximately around 75% of effective market capitalisation in the Philippines. Often families circulate minimal blocks of stock and publicly listed corporations may trade only 10-20% of their stocks. <sup>7</sup> There are currently 264 listed companies on the Philippine Stock Exchange with a total market capitalisation of USD 281 billion (WFE, 2016).
<b>Singapore</b>	Ownership concentration in Singapore is high with family-owned businesses and state-owned enterprises representing major equity holdings. The majority of listed companies in Singapore have a block shareholder of 15% or more. The Singapore Stock Exchange currently has 736 listed companies, with a total market capitalisation of USD 665 billion (WFE, 2016).
<b>Thailand</b>	Ownership structure in Thailand remains highly concentrated. Figures show that the top five shareholders of listed companies hold 56.94% of shares. <sup>8</sup> The Stock Exchange of Thailand has 644 listed companies with total market capitalisation of USD 400 billion (WFE, 2016).
<b>Viet Nam</b>	In Viet Nam, over 350 listed companies had some level of state ownership in 2012, with 244 companies reporting state shares of 25% or more (World Bank, 2013). According to annual reports, 20 billion stocks were listed on the Ho Chi Minh Stock Exchange in 2011, of which 18% were state-owned, 34% owned by corporate bodies, 11% by family-owned firms and 17% by individual shareholders. <sup>9</sup> The Hanoi Stock Exchange and the Ho Chi Minh Stock Exchange have a total of 685 listed companies, 378 and 307 respectively, with a total market capitalisation of USD 64 billion (WFE, 2016).

<sup>5</sup> Nweke and Bavuudorj (2016).

<sup>6</sup> Javeed *et al.* (2014).

<sup>7</sup> Witt *et al.* (2014).

<sup>8</sup> Thanatawee, Y. (2013).

<sup>9</sup> HOSE Annual Reports (2011).

## 2. Regulators/Custodians of the codes and principles

<b>Jurisdiction</b>	<b>Regulators/Custodians</b>	<i>Main funding resource</i>	<i>Composition</i>
<b>Bangladesh</b>	Bangladesh Securities and Exchange Commission (BSEC)	Self-funded – fees	Chairman and 4 commissioners
<b>China</b>	Ministry of Finance China Securities Regulatory Commission Stated-owned Assets Supervision and Administration Commission	Publicly funded	CSRC: 1 Chairman, 5 Vice Chairmen and 2 Assistant Chairmen
<b>Chinese Taipei</b>	Financial Supervisory Commission Ministry of Economic Affairs	Publicly funded	Chairman and bureaus
<b>Hong Kong, China</b>	Securities and Futures Commission of Hong Kong (SFC) The Stock Exchange of Hong Kong Limited (HKEX)	SFC: Self-funded – fees and levies	SFC: 1 Chairman, 6 Executive Directors and 7 Non-Executive Directors
<b>India</b>	Ministry of Company Affairs (MCA) Securities and Exchange Board of India (SEBI)	MCA: publicly funded SEBI: self-funded- fees	SEBI: 8 board members including Chairman
<b>Indonesia</b>	Indonesia Financial Services Authority (OJK)	Self-funded – fees and fines	Board of Commissioners (9 members) and Directors of Operations (7 members)
<b>Korea</b>	Ministry of Justice (MOJ)	Publicly funded	Chairman and bureaus
<b>Malaysia</b>	Securities Commission Malaysia Bursa Malaysia Berhad Bank Negara Malaysia Companies Commission of Malaysia	SC: self-funded	SCM: Chairman, 1 Deputy Chief Executive, and 7 independent Board members
<b>Mongolia</b>	Financial Regulatory Commission	Mixed: public and fee funding	3 executive directors and 4 commissioners

<b>Jurisdiction</b>	<b>Regulators/Custodians</b>	<i>Main funding resource</i>	<i>Composition</i>
<b>Pakistan</b>	Securities and Exchange Commission of Pakistan (SECP) Pakistan Stock Exchange Limited (PSX) State Bank of Pakistan (SBP)	Mix of public and fee funding	SECP: nine members, the number of Commission shall not be less than five and not more than seven
<b>Philippines</b>	Securities and Exchange Commission (SEC) – Corporate Governance Division Central Bank of the Philippines (BSP) Philippine Stock Exchange (PSE)	SEC and BSP: mixed funding PSE: self-funded	SEC: Collegial (5 members)
<b>Singapore</b>	Accounting and Corporate Regulatory Authority (ACRA) Monetary Authority of Singapore (MAS) Singapore Exchange Limited (SGX)	ACRA: publicly funded MAS: publicly funded SGX: self-funded	MAS: 10 Board Members including Chairman and Deputy Chairman
<b>Thailand</b>	Securities and Exchange Commission (SEC)	Self-funded – fees	The SEC Board (11 members) and the Capital Market Supervisory Board (CMSB) (7 members)
<b>Viet Nam</b>	Ministry of Finance (MOF)	Publicly funded	Public Company Supervision Department is in charge of building regulations and supervising compliance of CG rules.



### 3. Other organisations that promote 'Improvement of Corporate Governance'

Jurisdiction	An agency or ad-hoc entity that coordinates CG policies within government	'Special Courts' to litigate or challenge matters related to CG	Non-profit institutions that promote better CG practices
Bangladesh	No	Special Tribunal set up by BSEC	Bangladesh Enterprise Institute Institute of Chartered Secretaries of Bangladesh Centre for Corporate Governance of Dhaka University
China	No	No	Shanghai Stock Exchange Shenzhen Stock Exchange China Association for Public Companies
Chinese Taipei	Securities and Futures Bureau	No	Securities and Futures Investors Protection Centre Securities and Futures Institute Taiwan Corporate Governance Association The Institute of Internal Auditors, Taiwan National Federation of Certified Public Accountants Associations Accounting Research and Development Foundation Taiwan Institute of Directors Taiwan Corporate Governance Centre
Hong Kong, China	No	No	The Hong Kong Institute of Directors (HKID) The Asian Corporate Governance Association (ACGA) The Hong Kong Institutes of Certified Public Accountants (HKICPA) The Hong Kong Institute of Chartered Secretaries (HKICS) Hong Kong Law Reform Commission (HKLRC)
India	National Foundation of Corporate Governance	No <sup>10</sup>	Confederation of Indian Industry Associated Chambers of Commerce and Industry of India (ASSOCHAM) National Institute of Securities Markets (NISM) Institute of Company Secretaries of India National Foundation for Corporate Governance Indian Institute of Corporate Affairs
Indonesia	National Committee on Governance (KNKG)	No	Forum for Corporate Governance (FCGI) Indonesian Corporate Secretary Association (ICSA) Indonesian Institute for Corporate Directorship (IICD) Indonesian Audit Committee Institute (IKAI) Indonesian Institute of Directors and Commissioners (LKDI) Indonesian Public Listed Companies Association (AEI) Institute of Indonesia Chartered Accountants (IAI) National Committee on Governance (KNKG) The Indonesian Institute for Corporate Governance (IICG)
Korea	Commercial Legal Affairs Divisions, MOJ	No	Korea Corporate Governance Service (KCGS) Centre for Good Corporate Governance (CGCG) Asian Institute of Corporate Governance Hills Governance Centre

<sup>10</sup> However, SEBI is empowered to take action under SEBI Act and Securities Contract (Regulation) Act, 1956 for violation of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA under Companies Act, 2013.

<b>Jurisdiction</b>	<b>An agency or ad-hoc entity that coordinates CG policies within government</b>	<b>'Special Courts' to litigate or challenge matters related to CG</b>	<b>Non-profit institutions that promote better CG practices</b>
<b>Malaysia</b>	Yes <sup>11</sup>	Yes <sup>12</sup>	Minority Shareholder Watchdog Group (MSWG) Institutional Investor Council of Malaysia (IIC) Malaysian Directors Academy (MINDA) Malaysian Institute of Accountants (MIA) Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) Malaysian Institute of Corporate Governance (MICG) Federation of Public Listed Companies (FPLC) Institute of Internal Auditors Malaysia (IIAM)
<b>Mongolia</b>	No	No	Corporate Governance Development Centre
<b>Pakistan</b>	Yes: Securities and Exchange Commission of Pakistan; Ministry of Finance	No <sup>13</sup>	State Bank of Pakistan Pakistan Institute of Corporate Governance Institute of Chartered Accountants of Pakistan Institute of Cost and Management Accountants in Pakistan
<b>Philippines</b>	Yes: Governance Commission for Government Owned and Controlled Corporation (GCG)	Yes <sup>14</sup>	Institute of Corporate Directors (ICD) Institute for Solidarity in Asia (ISA) Shareholders' Association of the Philippines, Inc. (SharePhil) Management Association of the Philippines (MAP) Good Governance Advocates and Practitioners of the Philippines (GGAPP)
<b>Singapore</b>	Yes: Monetary Authority of Singapore (MAS)	No	Securities Investors Association of Singapore Singapore Institute of Directors ICPAS CFA Singapore Investment Management Association of Singapore (IMAS) Chartered Secretaries Institute of Singapore (CSIS)
<b>Thailand</b>	Yes: Securities and Exchange Commission	No	The Thai Institute of Directors (IOD) The Thai Listed Companies Association (TLCA) The Thai Investors Association (TIA) The Association of Securities Companies (ASCO) The Association of Investment Management Companies (AIMC) The Thai Bankers' Association Thaipat Institute
<b>Viet Nam</b>	Yes: State Securities Commission	Yes: State Bank; Ministry of Finance; Ministry of Planning and Investment	Ho Chi Minh Stock Exchange Hanoi Stock Exchange The Listed Companies Association

<sup>11</sup> 1) Prime Minister's Department – Governance, Integrity and Human Rights; 2) Malaysian Anti-Corruption Commission; 3) Malaysian Institute of Integrity; 4) Putrajaya Committee on Government Linked Companies (GLC) High Performance.

<sup>12</sup> Securities Commission of Malaysia takes care of regulatory offences.

<sup>13</sup> But online complaints can be made to SECP or even superior courts of the country.

<sup>14</sup> There are courts of general jurisdiction designated as special commercial courts to hear corporation disputes, including CG related matters.

#### 4. Main elements of the regulatory framework

Jurisdiction	Company Law	Latest update	Securities Law	Latest update	Other relevant regulations on corporate governance
<b>Bangladesh</b>	The Companies Act	1994	Securities and Exchange Ordinance	1969	Securities and Exchange Rules 1987
<b>China</b>	The Companies Law of the People's Republic of China	2014	Law of the People's Republic of China on Securities	2013	Rules Governing Listing of Stocks on Shenzhen Stock Exchange 2004 Rules Governing Listing of Stocks on Shanghai Stock Exchange 2008
<b>Chinese Taipei</b>	The Company Act	2015	The Securities and Exchange Act The Securities Investors and Futures Traders Protection Act	2015 2015	Taiwan Stock Exchange Listing Rules and Operating Rules (Last Amended: 2015) Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings (Last Amended: 2016)
<b>Hong Kong, China</b>	Companies Ordinance	2014	Securities and Futures Ordinance (Cap.571)	2012	Main Board Listing Rules 2016
<b>India</b>	The Companies Act	2013	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations Securities Contract (Regulation) Act	2015 2014	National Stock Exchange (NSE) – Rules and Regulations 2014 Bombay Stock Exchange (BSE) – Rules and Regulations
<b>Indonesia</b>	Law Number 40 Concerning Limited Liability Companies	2007	Law Number 8 of 1995 Concerning Capital Market	1995	Indonesia Financial Services Authority Rules and Regulations The Indonesian Stock Exchange (IDX) Regulation – General Regulations for Securities Listing 2004
<b>Korea</b>	The Commercial Act Act on Corporate Governance of Financial Company	2016 2016	The Regulation on Securities Issuance and Disclosure The Financial Investment Services and Capital Market Act	2016 2016	Stock Market Listing Regulation – Articles of Incorporation (Last amended: 2016)

Jurisdiction	Company Law	Latest update	Securities Law	Latest update	Other relevant regulations on corporate governance
<b>Malaysia</b>	The Companies Act	1965 <sup>15</sup>	Securities Commission Malaysia Act Capital Markets and Services Act Securities Industry Act (Amendment)	1993 <sup>16</sup> 2007 <sup>17</sup> 2004	The Bursa Malaysia (Main Market) Listing Requirements 2015
<b>Mongolia</b>	Company Law	2011	Securities Market Law Investment Fund Law Banking Law	2013 2013 2010	Listing Rules 2015
<b>Pakistan</b>	The Companies Rules The Companies Ordinance Draft Companies Bill	1985 1984 2016	Securities Act The Listing Regulations of Pakistan Stock Exchange (PSX) The Prudential Regulations for Corporate and Commercial Banking by State Bank of Pakistan	2015 2015 2009	Companies (Corporate Social Responsibility) General Order 2009 Pakistan Stock Exchange Rule Book 2014 Corporate Social Responsibility (Voluntary) Guidelines 2013 (issued by SECP)
<b>Philippines</b>	Corporation Code of the Philippines	1980	Securities Regulation Code General Banking Law The Philippine Stock Exchange Listing and Disclosure Rules	2000 2000 2000	Listed and Disclosure Rules 2013 The Corporate Governance Guidelines for Companies Listed on the Philippine Stock Exchange 2010
<b>Singapore</b>	The Companies Act	2014	The Securities and Futures Act (Revised: 2006)	2002	The Singapore Exchange's (SGX) Listing Manual 2011
<b>Thailand</b>	The Public Limited Company Act (PCA)	1992	The Securities and Exchange Act	2008	Disclosure Manual 2007 Listed Company Handbook 2014
<b>Viet Nam</b>	The Enterprise Law	2014	The Securities Law	2006	Listing Rules on the Hanoi Stock Exchange 2014

<sup>15</sup> The Act will be amended pursuant to the passing of the Companies Bill 2015 which is currently pending Government gazette.

<sup>16</sup> Incorporating latest amendments up to 15 September 2015.

<sup>17</sup> Incorporating latest amendments up to 15 September 2015.

## 5. Key national corporate governance codes and principles

Jurisdiction	Key national Corporate Governance Codes and Principles	Update (Latest)	Implementation mechanism			
			Approach C/E: comply or explain B: Binding V: Voluntary	Disclosure in annual company report or corporate governance report	Basis for framework L: Law or regulation LR: Listing rules	Surveillance SR: securities regulator SE: stock exchange P: private institution CB: Central Bank
Bangladesh	Corporate Governance Guideline (listed companies only)	2012	B	Yes	L	SR
China	The Code of Corporate Governance for Listed Companies in China <sup>18</sup>	2002	V	Yes	L	SR
Chinese Taipei	Corporate Governance Best Practice Principles	2016	C/E	Yes	LR	SR and SE
Hong Kong, China	Corporate Governance Code under the Listing Rules	2013	C/E	N/A	LR	SE
India	Corporate Governance Voluntary Guidelines	2009	B	Yes	L	SR and SE
Indonesia	Indonesia Code on Good Corporate Governance	2006	V	No	N/A	N/A
	Corporate Governance Guidelines for Public Company	2015	C/E	Yes	L	SR
Korea	Code of Best Practice for Corporate Governance	2016	V	N/A	L	SR

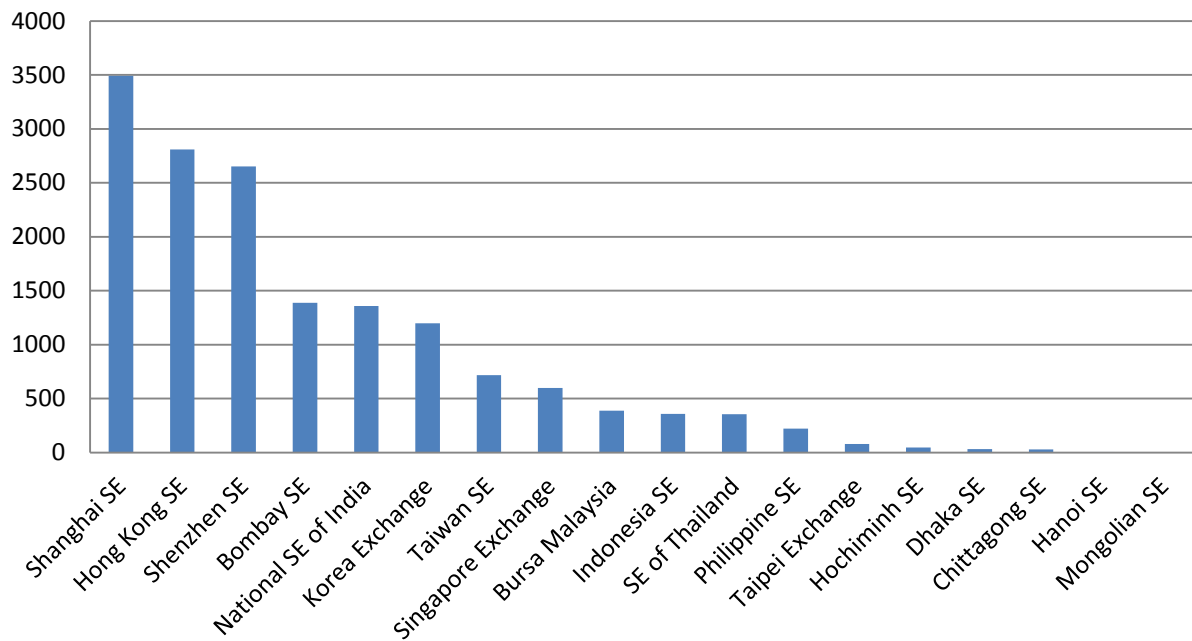
<sup>18</sup> In the process of revision.

Jurisdiction	Key national Corporate Governance Codes and Principles	Update (Latest)	Implementation mechanism			
			Approach C/E: comply or explain B: Binding V: Voluntary	Disclosure in annual company report or corporate governance report	Basis for framework L: Law or regulation LR: Listing rules	Surveillance SR: securities regulator SE: stock exchange P: private institution CB: Central Bank
Mongolia	Mongolian Corporate Governance Code	2014	B, C/E & V <sup>19</sup>	Yes	L/LR	SR
Pakistan	The Code of Corporate Governance	2014	B	Yes	LR	SR, SE, and CB
Philippines	The Revised Code of Corporate Governance	2009	B or V	Yes	L	SR and SE
Singapore	The Code of Corporate Governance	2012	C/E	Yes	LR	SR and SE
Thailand	The Principles of Good Corporate Governance for Listed Companies <sup>20</sup>	2012	C/E	Yes	L/LR	SR/SE
Viet Nam	Regulations on Corporate Governance applicable to public companies	2012	B	Yes	L	SR

<sup>19</sup> B - Main Board listed companies, C/E - all other listed companies, V - all other companies (public or private)

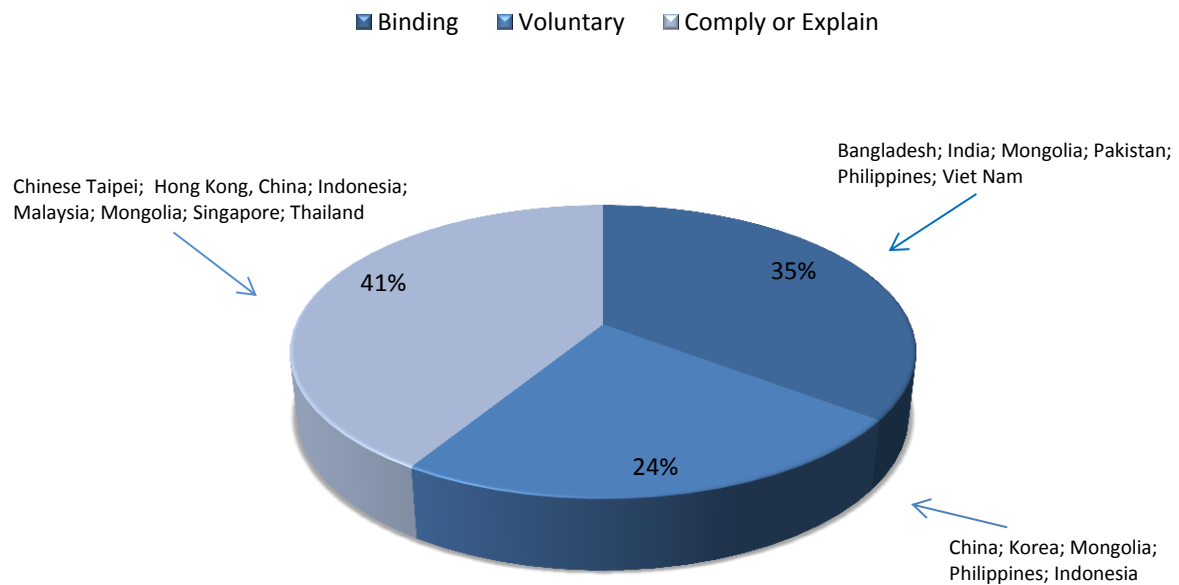
<sup>20</sup> The new CG Code for listed companies named Integrated Governance Code will be launched within 2016.

**Figure 1. Market capitalisation of selected stock exchanges in Asia (in USD billions)**



Source: World Federation of Exchanges, 2016

**Figure 2. Are the Corporate Governance Code or Principles binding, voluntary or "comply or explain"?**



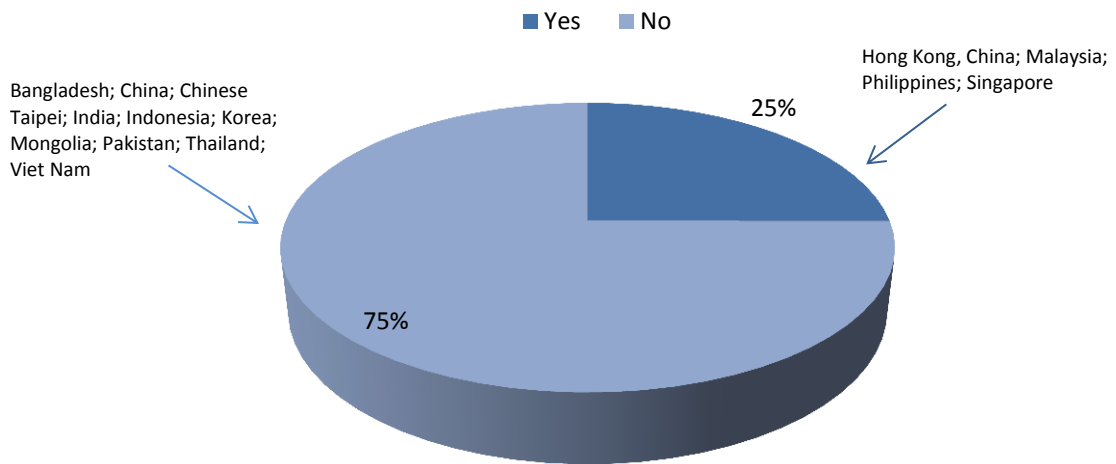
Note: Some jurisdictions appear more than once as they have more than one policy approach to the corresponding question.

## 6. Stock exchanges in the region

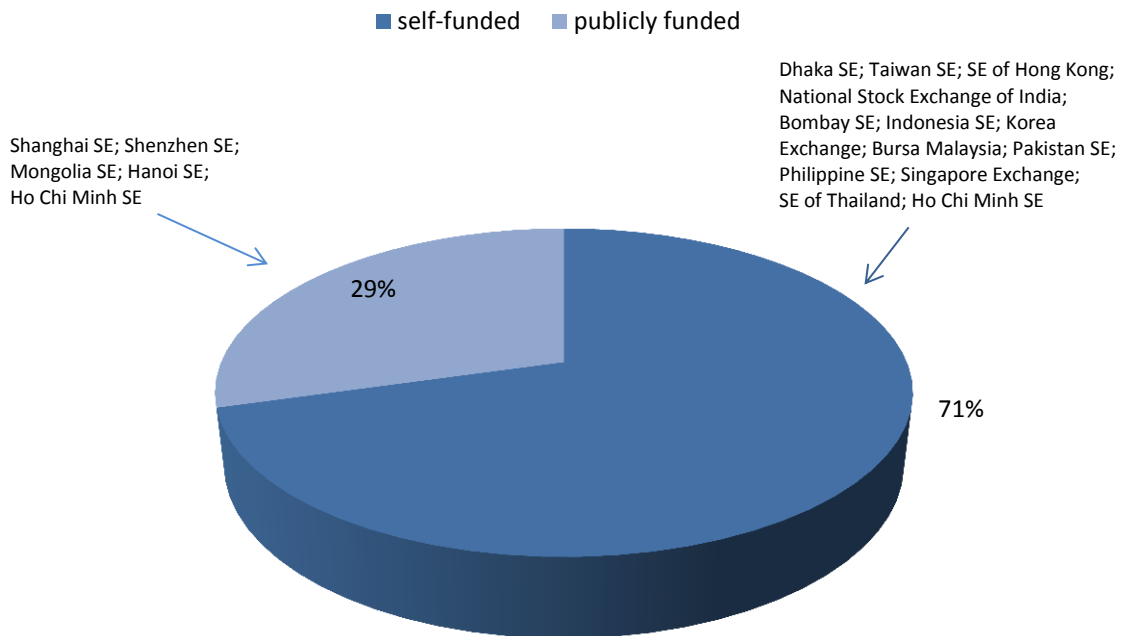
Jurisdiction	Stock exchange(s)		Model of Stock Exchange	Self-listing	Main funding
<b>Bangladesh</b>	DSE	Dhaka Stock Exchange	Demutualised for profit	No	Self-funding
<b>China</b>	SSE	Shanghai Stock Exchange	Association not for profit	No	Public funding
	SZSE	Shenzhen Stock Exchange	Association not for profit	No	Public funding
<b>Chinese Taipei</b>	TSE	Taiwan Stock Exchange Taipei Stock Exchange	Governmental not for profit	No	Self-funding
<b>Hong Kong, China</b>	HKEX	Hong Kong Stock Exchange	Demutualised for profit	Yes	Self-funding
<b>India</b>	NSE	National Stock Exchange of India	Demutualised for profit	No	Self-funding
	BSE	Bombay Stock Exchange	Demutualised for profit	No	Self-funding
<b>Indonesia</b>	IDX	Indonesia Stock Exchange	Demutualised for profit	No	Self-funding
<b>Korea</b>	KRX	Korea Exchange	Demutualised for profit	No	Self-funding
<b>Malaysia</b>	KLSE	Bursa Malaysia	Demutualised for profit	Yes	Self-funding
<b>Mongolia</b>	MSE	Mongolian Stock Exchange	Self-regulating organisation	No	Public funding
<b>Pakistan</b>	PSX	Pakistan Stock Exchange Limited	Demutualised for profit	No	Self-funding
<b>Philippines</b>	PSE	Philippine Stock Exchange	Demutualised for profit	Yes	Self-funding
<b>Singapore</b>	SGX	Singapore Exchange Limited	Demutualised for profit	Yes	Self-funding
<b>Thailand</b>	SET	Stock Exchange of Thailand	Governmental not for profit	No	Self-funding
<b>Viet Nam</b>	HSX	Ho Chi Minh Stock Exchange	Governmental not for profit	No	Self-funding
	HNX	Hanoi Stock Exchange	Governmental not for profit	No	Self-funding



**Figure 3. Is the stock exchange listed on itself?**



**Figure 4. How is the stock exchange funded?**



## 7. Key shareholder rights

Jurisdiction	Request to convene a shareholder meeting			Placing items on the agenda of general meetings		
	Shareholders <i>Thresholds for requesting convening an EGM<sup>21</sup></i>	The firm <i>Minimum period in advance</i>	<i>Legal minimum quorum requirements</i>	Shareholders <i>Minimum shareholding</i>	<i>Procedure</i>	<i>Prohibited items</i>
<b>Bangladesh</b>	10%	14 days	As per Articles of Association	10%	Submit written proposal	Cannot claim for gift, allowance or food
<b>China</b>	10%	15 days	None	3% (single or combined)	10 days prior	The items must be within the scope to be decided by the shareholders
<b>Chinese Taipei</b>	3%	15 days	>50%	1% (single or combined)	Submit a written proposal of no more than 300 words by a designated deadline of the company.	<ol style="list-style-type: none"> <li>1. The subject matter of the proposal beyond the power of the shareholders' meeting</li> <li>2. Proposal containing more than one matter;</li> <li>3. Proposal containing &gt;300 words;</li> <li>4. Proposal submitted after the deadline.</li> </ol>
<b>Hong Kong, China</b>	5%	14 days <sup>22</sup>	2 persons attending in person or by proxy <sup>23</sup>	2.5% of total voting rights or at least 50 members who have a right to vote	6 weeks before the meeting if there is a requirement of notice of resolution; otherwise, 1 week before the meeting	None
<b>India</b>	10%	21 days	5-30 members	10%	6 weeks prior	Shareholders cannot ask for final dividend before the same has been recommended by the BOD.

<sup>21</sup> Extraordinary General Meeting

<sup>22</sup> AGM and general meetings where a special resolution is proposed: 21 days (or less if it is so agreed by all the members entitled to attend and vote at the meeting. In the case of any other meetings: 14 days (or less if it is so agreed by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights of all members).

<sup>23</sup> If a company only has one member, that member present in person or by proxy is a quorum.

Jurisdiction	Request to convene a shareholder meeting			Placing items on the agenda of general meetings		
	Shareholders	The firm		Shareholders		
	Thresholds for requesting convening an EGM <sup>24</sup>	Minimum period in advance	Legal minimum quorum requirements	Minimum shareholding	Procedure	Prohibited items
Indonesia	10% <sup>24</sup>	15 days	>50%	5%	Shareholders propose agenda by a formal letter to BOD.	<ul style="list-style-type: none"> <li>1. Not be done with good will;</li> <li>2. Not consider the interest of the Public Company;</li> <li>3. Propose the agenda without the Reasons and Related documents against the prevailing rules and regulations<sup>25</sup></li> </ul>
Korea	3% (or 1.5% <sup>26</sup> )	14 days	1 member	3% held over 6 months, 6 weeks prior to the meeting (1% + 6months)	Submit written proposal	<ul style="list-style-type: none"> <li>1. Proposal with the same content is presented again within three years from the date on which a proposal with the was rejected (or gained &lt;10% of the votes at a meeting,</li> <li>2. Where the proposal concerns a personal grievance</li> <li>3. Other cases subject to article 12 of enforcement decree of the Commercial Act.</li> </ul>
Malaysia	10%	21 days	2 members	5% (or 100 shareholders)	Set out under Section 151 of the Companies Act 1965.	Companies are not bound to circulate members' resolution where an application is made to the Court and the Court is satisfied that the statements that the rights are being abused to secure needless publicity for defamatory matter.

<sup>24</sup> 10% (One or more shareholders who joint representation 1/10 (one-tenth) or more of the total shares with voting rights, unless the article of association of Public Company determines smaller amount, may request for AGM).

<sup>25</sup> Based on IFSA Regulation Number 32/POJK.04/2016 Regarding Shareholders General Meeting

<sup>26</sup> For listed companies

Jurisdiction	Request to convene a shareholder meeting			Placing items on the agenda of general meetings		
	Shareholders	The firm		Shareholders		
	Thresholds for requesting convening an EGM <sup>21</sup>	Minimum period in advance	Legal minimum quorum requirements	Minimum shareholding	Procedure	Prohibited items
<b>Mongolia</b>	10% (or minimum two independent directors)	30 days	>50%	5%	No less than 45 business days prior a meeting, holders of >5% may introduce additional proposals to the agenda for the meeting	None
<b>Pakistan</b>	10%	21 days	No less than 10 members; (minimum of 25% represented)	10% <sup>27</sup>	Written proposal with a supporting statement	To distribute a gift in any form to its members in meeting (Section 197A of Companies Ordinance, 1984)
<b>Philippines</b>	No	14 days <sup>28</sup>	>50%	No	Discretion of the company	None
<b>Singapore</b>	10%	14 days <sup>29</sup>	2 members	5% of total voting power	Written statement submitted to the company and board (28 days to respond, failing which shareholders can call the meeting themselves)	None
<b>Thailand</b>	20% or 25 shareholders holding 10%	7/14 days <sup>30</sup>	No less than 25 persons or no less than 50% of shareholders holding 33%	5%	Submit written proposal	Items not related to the operation of the company, beyond the power of the company, or proposed within 12 months and obtained support less than 10% of issued shares
<b>Viet Nam</b>	10% for at least 6 month	10 days	1st call: 51% 2nd call: 33%	10% or smaller percentage for more than 6 months <sup>31</sup>	Submit written request within 3 working days prior to the meeting	N/A

<sup>27</sup> In case the EGM is requisitioned by the shareholders, proposals should be submitted together with the requisition. In any other case shareholder must make proposal at least 15 days before the EGM

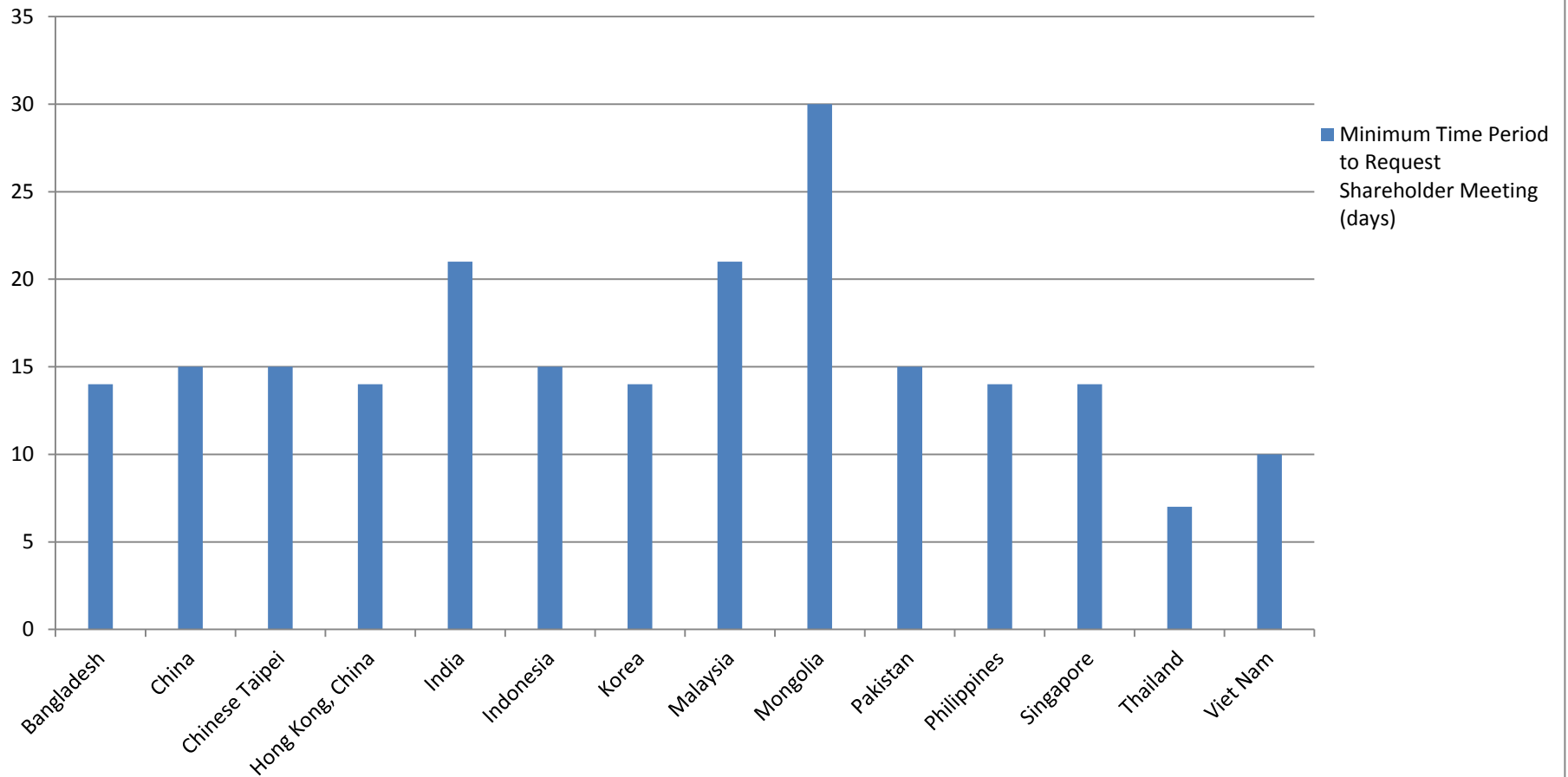
<sup>28</sup> Under the Corporation Code of the Philippines, the general rule is that notice should be sent out two weeks before the meeting. However, Rule 20 of the Securities Regulation Code (SRC) provides that for publicly-listed companies, registered issuers and public companies as defined under the SRC, the company's Information Statements, which include the Notice, shall be sent out at least 15 business days before the meeting.

<sup>29</sup> When special resolutions are proposed not less than 21 days written notice. Where special notice is required of a resolution, not less than 28 days before the meeting at which it is moved.

<sup>30</sup> According to the Public Limited Companies Act B.E. 2535, the board of directors shall prepare a notice summoning the meeting not less than seven days prior to the date of the meeting. In case of material agenda (i.e. related party transaction, acquisition/disposition of asset, delisting, employee stock ownership plan, private placement), the board of directors shall prepare a notice summoning the meeting not less than fourteen days prior to the date of the meeting. However, in practice, SEC encouraged listed companies to fully disclose the details of agenda items via their website 30 days prior to the AGM Day.

<sup>31</sup> Shareholders or group of shareholders who hold 10% or a smaller percentage as stipulated in the Company's Charter of the outstanding for more than 6 months

**Figure 5. What is the minimum advance notice required to request a shareholder meeting (in days)?**



## 8. Shareholder voting rights

Jurisdiction	Issuance of a class of shares with:			Cumulative voting for the election of board	Voting method:				Disclosure of voting agreements by law or regulations
	Multiple voting rights <sup>32</sup>	Removable voting rights <sup>33</sup>	Voting caps		by proxy	by mail	by e-mail or other electronic means	by telephone/ video-conference	
<b>Bangladesh</b>	Yes	Yes	No	Allowed	Yes	No	No	No	No
<b>China</b>	No	No	No	Allowed <sup>34</sup>	Yes	No	No	No	Yes
<b>Chinese Taipei</b>	No	Yes (for preferred shares)	Yes	Required <sup>35</sup>	Yes	Yes	Yes	No	No
<b>Hong Kong, China</b>	No	No	No <sup>36</sup>	No	Yes	Yes	No	No	No
<b>India</b>	Yes	No	Yes	Allowed	Yes	Yes	Yes	No	No
<b>Indonesia</b>	No	Yes (for preferred shares)	No	No	Yes	No	No	Yes	Yes
<b>Korea</b>	No	Yes	Yes <sup>37</sup>	Allowed	Yes	Yes	Yes	No	Yes
<b>Malaysia</b>	No	No	No	No	Yes	Yes	Yes	Yes	Yes
<b>Mongolia</b>	No	No	No	Allowed	Yes	No	No	No	No
<b>Pakistan</b>	Yes	Yes	No	Allowed	Yes	No	Yes	Yes	No
<b>Philippines</b>	No <sup>38</sup>	Yes <sup>39</sup>	No	Allowed	Yes	Yes	No	No	Yes
<b>Singapore</b>	No	No	No	No	Yes	No	No	No	Yes
<b>Thailand</b>	No	No	No <sup>40</sup>	Allowed	Yes	No	No	No	No
<b>Viet Nam</b>	Yes	Yes	No	Allowed (must be applied for the election of board)	Yes	Yes	Yes	Yes	No

<sup>32</sup>Permits the right to more votes than is warranted by the amount of capital represented by the shares

<sup>33</sup>Shares that may have restrictions or are subject to limitations

<sup>34</sup>2005 Company Law allow incorporated companies to use cumulative voting to elect directors and supervisors in GSM, 2002 Code of Corporate Governance requires listed companies that are more than 30% owned by controlling shareholders to use cumulative voting and the implementing rules should be reflected in their articles of association.

<sup>35</sup>According to Article 198 of Company Act, in the process of electing directors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elect.

<sup>36</sup>However, shareholders who have a material interest in the transaction are not allowed to vote to approve the transaction.

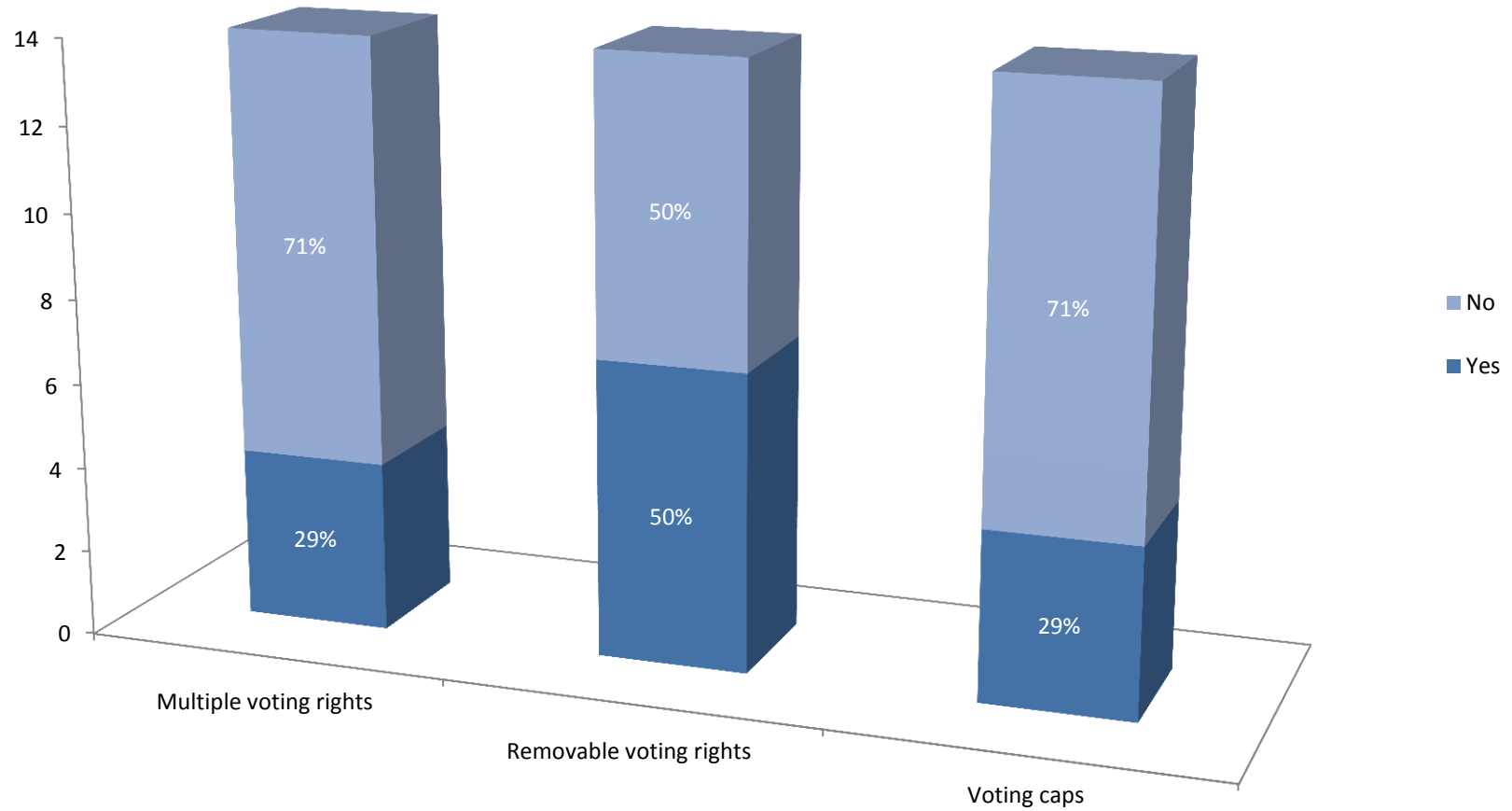
<sup>37</sup>Election of auditors and others 3%

<sup>38</sup>One share, one vote except in the election of directors where cumulative voting is allowed

<sup>39</sup>The Corporation Code of the Philippines allows for a series or class of shares that may have restrictions, provided that no share may be deprived of voting rights except those classified and issued as "preferred" or "redeemable" shares (Section 6)

<sup>40</sup>However, any shareholders who have special interest in any matter shall have no right to vote on such matter, except in the election of directors.

**Figure 6. Is it permitted to issue a class of shares with... ?  
(% of jurisdictions)**



## 9. Disclosure of related party transactions

Jurisdiction	Required disclosure of related-party transactions	Thresholds	Related persons required to abstain from voting on the transactions
Bangladesh	Yes	None	Yes
China	Yes	Transactions of more than 0.04 million USD (0.3 million RMB)	Yes
Chinese Taipei	Yes	1. Make immediate disclosure on the designated website; 2. Disclose on the financial reports any material transaction with related-party and the thresholds follow the IFRS practices.	Yes
Hong Kong, China	Yes	Listed companies must disclose connected transactions where I) each of the percentage ratios is more than 0.1%; II) >1% and the transaction is only related because it involves a person who is a connected person by virtue of his relationship with the company's subsidiary; or III) each of the percentage ratios is on an annual basis equal to or more than 5% and the total consideration is more than 0.13 million USD (HK\$1 million, 1 HKD = 0.13 USD). Transactions that fall under one of the allowed exemptions need not be disclosed.	Yes
India	Yes	None	Yes
Indonesia	Yes	More than 0.5 % of paid capital that exceeds 0.076 million USD (5 billion IDR) must be announced publicly. While less than 0,5 % of paid capital that exceeds % 0.076 million USD (5 billion IDR) must be disclosed to OJK no later than two days after the transactions. <sup>41</sup>	Yes
Korea	Yes	Transaction with directors or shareholders who has more than 10% holding.	Yes
Malaysia	Yes	A listed company must report any RPT to the stock exchange, after the terms of the transaction have been agreed (ratio of transaction = 0.25% or more). Unless the value of the transaction is less than RM500.000 or it is a recurrent RPT. If equal to or >5% a circular must be sent to shareholders to gain approval. <sup>42</sup>	Yes
Mongolia	Yes	If a shareholder has a 20% holding.	Yes
Pakistan	Yes	All related party transactions are to be disclosed. It is now part of the annual reports of the listed companies.	Yes
Philippines	Yes	None	Yes
Singapore	Yes	Directors must disclose conflicts of interest to the BOD. They are also required to disclose all transactions (regardless of transaction value) if the cumulative transactions with that interested person and its associates are above the 3% threshold. Where the threshold exceeds 5%, shareholders' approval is required.	Yes

<sup>41</sup> If the value of RPT exceeds 5 billion rupiah, the identity of counter party and the value of the transaction have to be disclosed in notes to Financial Statements.

<sup>42</sup> Details of the above requirements can be found in Chapter 10 of the Bursa Listing Requirements.



Jurisdiction	Required disclosure of related-party transactions	Thresholds	Related persons required to abstain from voting on the transactions
Thailand	Yes	If the transaction exceeds 0.029 million USD (1 million Baht) or is larger than 0.03% of net tangible asset, the listed issuer must announce the transaction to the stock exchange. All RPTs must be disclosed in the annual report. Moreover, the information disclosed may be classified by each connected person and type of transactions.	Yes
Viet Nam	Yes	Related-party transactions must be approved by BOD or GM (dependent on value of transaction). Related individuals have no right for voting.	Yes

## 10. Board or shareholder approval of related party transactions

Jurisdiction	Board or shareholders' approval for individual RPT	
	Approval from board and/or shareholders	Content of requirement/recommendation
<b>Bangladesh</b>	Both	N/A
<b>China</b>	Both	If the company charter requires or if the amount is up to the disclosure standard.
<b>Chinese Taipei</b>	Both	For RPTs meeting certain criteria (e.g. transaction amount reaches the thresholds set under the company's article of incorporation), shareholders' approval is required.
<b>Hong Kong, China</b>	Both	If the value is equal to, or exceeds 5% of an issuer's total assets or revenue, or where the above percentage ratios are equal to or more than 25% and the purchase price is greater than 1.29 USD (HK\$10 million, 1HKD = 0.13 USD).
<b>India</b>	Both	All transactions require the approval of the audit committee and the board and material transactions require shareholders' approval.
<b>Indonesia</b>	Shareholders	Material related-party transactions must be approved in the Shareholders Meeting by more than 50% of shares. RPTs that have a conflict of interest must be approved by more than 50% of shares of independent shareholders.
<b>Korea</b>	Both	Needs prior approval by disinterested board member or 100% shareholder's approval
<b>Malaysia</b>	Shareholders	For RPTs with percentage ratio of 5% or more, shareholders' approval must be obtained, according to Paragraph 10.08, Chapter 10 of the Bursa Listing Requirements.
<b>Mongolia</b>	Both	Needs approval by disinterested board members, and if exceeds threshold of 25 percent of assets transaction must also be approved by disinterested shareholders.
<b>Pakistan</b>	Board	All related party transactions must be approved by the Board (including price determination mechanisms, arm length basis, disclosure of information and keeping of record).
<b>Philippines</b>	Board	Only approval of the board of directors is needed. Shareholders merely ratify the transactions thereafter during the Annual Shareholders' Meeting.
<b>Singapore</b>	Shareholders	In addition, shareholders' approval is required (if the value is equal to, or more than 5% of the latest audited net tangible asset).
<b>Thailand</b>	Both	Board's approval needed if transaction is greater than 0.029 million USD (1 million Baht, 1 Baht = 0.029 USD) and less than 0.57 million USD (20 million Baht) or greater than 0.03% and less than 3% of the net tangible asset value, whichever is higher. Shareholders' approval is needed if transaction is greater than 0.57 million USD (20 million Baht) or greater than 3 % of net tangible asset value, whichever is higher.
<b>Viet Nam</b>	Both	Board's approval is needed for transactions less than 35% of total assets recorded in the latest financial report; GSM's approval is needed for others.

## 11. Governance-related responsibilities of institutional investors

Jurisdiction	Exercising voting rights			Requirement to disclose 'conflicts of interest'	
	Disclosure of voting policy	Existence of a stewardship code	Required to cast votes in line with the instructions of the beneficial owner of the shares	By institutional investors that may affect the exercise of ownership rights?	By proxy advisors, analysts, brokers, rating agencies and other
<b>Bangladesh</b>	No	No	N/A	No	Yes
<b>China</b>	No	No	N/A	N/A	No
<b>Chinese Taipei</b>	Yes	Yes <sup>43</sup>	Yes <sup>44</sup>	Yes	Yes
<b>Hong Kong, China</b>	No	No	N/A	N/A	Yes
<b>India</b>	Yes	No	Yes <sup>45</sup>	No	Yes
<b>Indonesia</b>	No	No	No	Yes	Yes
<b>Korea</b>	Yes	Under discussion	Yes	Yes	Yes
<b>Malaysia</b>	Yes	Yes	Yes	Yes	Yes
<b>Mongolia</b>	No	No	Dependent <sup>46</sup>	Yes	Yes
<b>Pakistan</b>	Yes	Yes	Yes <sup>47</sup>	Yes	Yes
<b>Philippines</b>	No	Under discussion <sup>48</sup>	Yes	Yes	No
<b>Singapore</b>	No <sup>49</sup>	Under discussion	Yes	No	Yes
<b>Thailand</b>	Yes	Under discussion <sup>50</sup>	Yes	Yes	Yes
<b>Viet Nam</b>	No	No	Yes	No	No

<sup>43</sup> Taiwan Stock Exchange of Chinese Taipei released Stewardship Principles for Institutional Investors (the Code) on June 30, 2016. The Code takes a "comply or explain" approach, institutional investors need to disclose their voting policies and actual voting. Aggregated disclosure of voting results is accepted. If not, explanations shall be disclosed. At the end of August, 2016, there have been 14 institutional investors signing up to the Code.

<sup>44</sup> Under current regulation, a securities investment trust enterprise (the fund manager company) is required to disclose their voting policies (including principles and methods for voting) but not the actual voting in prospectuses.

<sup>45</sup> Asset management companies for concerned Mutual Funds need to disclose their voting policies and the actual voting on a quarterly basis on their website and annually in their Annual reports.

<sup>46</sup> It depends on the agreement between custodians/ nominees and beneficial owner.

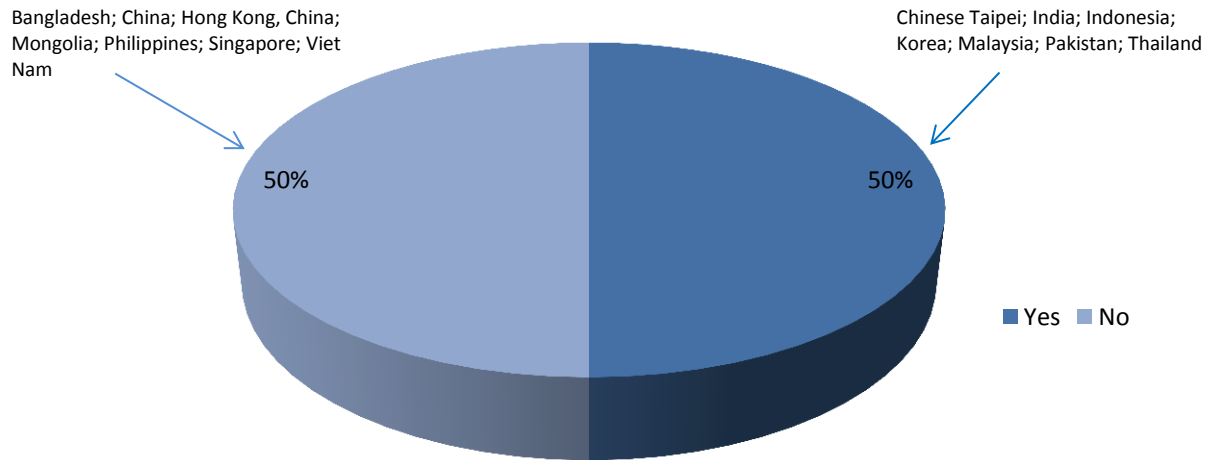
<sup>47</sup> Mutual Funds Mangers (Asset Management Company) are required to disclose proxy voting policy on their web site and also has to disclose summary of actual voting in mutual fund annual account.

<sup>48</sup> The Philippines has no Stewardship Code yet. The SEC is looking at the possibility of having one by 2017 after a dialogue with the institutional investors groups.

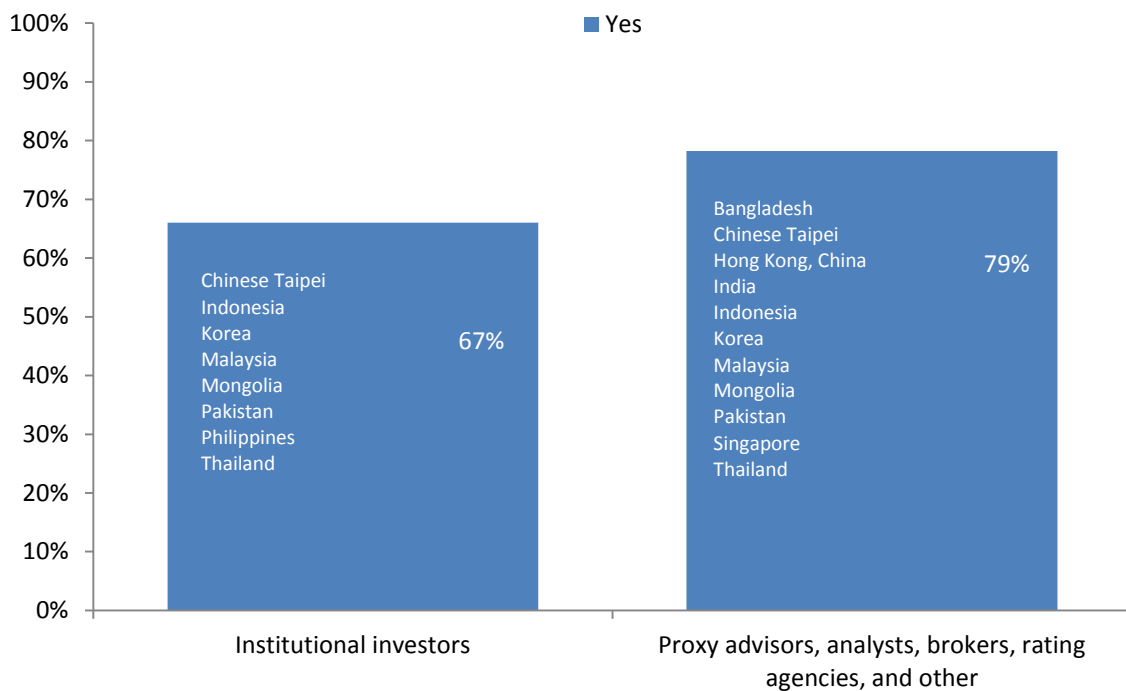
<sup>49</sup> However, there are guidelines that encourage the disclosure of voting policies (e.g. IMAS Guidelines on Corporate Governance)

<sup>50</sup> Within 2016, the SEC will launch a stewardship code (Investment Governance Code I) to promote the accountability of II to their investors/client. The I code will require II to include governance analysis (ESG) in their investment appraisal to help identify better governed companies.

**Figure 7. Are institutional investors required to disclose their voting policy?**



**Figure 8. Is it required for .... to disclose conflicts of interest?**



Note: China and Hong Kong, China were not included in the institutional investors category in Figure 8.

## 12. The role of stakeholders

Jurisdiction	Can employees participate in the company's profits by ~			Employee pension funds management entity	Priority of employees to wages and benefits in the event of insolvency	Employees' access to internal redress mechanisms (mediation/arbitration) in case of violation of their rights	Legal and regulatory framework's protection of "Whistle Blowers"	Creditors' involvement in governance in the context of insolvency	Protection of creditors against fraudulent conveyance/insolvent trading in the context of insolvency
	Share Ownership Program (ESOA)	Share Options	Profit sharing schemes						
<b>Bangladesh</b>	Yes	Yes	Yes	Trustees of fund	Second after the government dues	Yes	No	Yes	Statutory prohibition (null and void)
<b>China</b>	Yes	Yes	Yes	Financial entities	First in order	Yes	Yes	Yes	Administrator has the right to recover
<b>Chinese Taipei</b>	Yes	Yes	Yes	Labour Pension Fund Supervisory Committee	Second after professional expenses for bankruptcy proceedings and debts for the common good of creditors	Yes	Yes	Yes	Fraudulent parties could be subject to criminal proceedings. Creditors may also request that insolvent trading be set aside in the context of insolvency case.
<b>Hong Kong, China</b>	N/A	N/A	Yes	Fund managers or trustees	Second after the liquidators charges and costs	No	No	Yes	In case of fraudulent trading, the court can declare that a person who was knowingly a party to that business to be personally liable for the company's debts (without limitation of liability). <sup>51</sup>

<sup>51</sup>In case of fraudulent conveyance with the court's approval and within 12 months of commencement of liquidation, a liquidator can disclaim onerous property within 12 month of the liquidation beginning (such as unprofitable contracts, property that cannot be realised by reason of its binding the possessor to the performance of any onerous act, leases made on unfavourable terms).

Jurisdiction	Can employees participate in the company's profits by ~			Employee pension funds management entity	Priority of employees to wages and benefits in the event of insolvency	Employees' access to internal redress mechanisms (mediation/arbitration) in case of violation of their rights	Legal and regulatory framework's protection of "Whistle Blowers"	Creditors' involvement in governance in the context of insolvency	Protection of creditors against fraudulent conveyance/insolvent trading in the context of insolvency
	Share Ownership Program (ESOA)	Share Options	Profit sharing schemes						
India	N/A	N/A	No	Pension scheme formulated by the Government of India	The workmen's due rank equally with that of secured creditors	Yes	Yes	Yes	Section 328 of Companies Act, 2013 invalidates any fraudulent preferences (6 months before the commencement of winding-up)
Indonesia	Yes	Yes	Yes	Company or the 3rd party	Employee wages and benefits have second priority as a creditor preference in the event of insolvency	Yes	Yes	Yes	Creditors are protected by Curator
Korea	Yes	Yes	Yes	Private asset management company or Company	Restructuring – ahead of secured and unsecured creditors (priority ranking) <sup>52</sup>	Yes	Yes	Yes	Creditors with avoidance power are able to a) dismiss the submission of rehabilitation or exemption or b) sue for criminal punishment

<sup>52</sup> Priority ranking ahead of secured creditors: i) the latest three month term remuneration, ii) the latest three-year term a retiring allowance, iii) disaster compensation. The other claims of the employee: ahead of unsecured creditors.

Jurisdiction	Can employees participate in the company's profits by ~			Employee pension funds management entity	Priority of employees to wages and benefits in the event of insolvency	Employees' access to internal redress mechanisms (mediation/arbitration) in case of violation of their rights	Legal and regulatory framework's protection of "Whistle Blowers"	Creditors' involvement in governance in the context of insolvency	Protection of creditors against fraudulent conveyance/insolvent trading in the context of insolvency
	Share Ownership Program (ESOA)	Share Options	Profit sharing schemes						
Malaysia	Yes	Yes	Yes	Employees Provident Funds (EPF)	Wages and salaries ranks second after the cost and expenses of winding up	Yes	Yes	Yes	Where a director or officer of the company is convicted for insolvent trading, that director or officer can be made personally liable for the debt of the company. <sup>53</sup>
Mongolia	Yes	Yes	Yes	Company or a separate entity	Lower, only before any creditors	Yes	N/A	Yes	Trustee examine contracts and transactions concluded [by the debtor] prior to the start of a bankruptcy case and submit to the meeting of creditors proposal on whether to terminate, amend, or consider as invalid the contracts and transactions
Pakistan	Yes	Yes	Yes	Board of Trustee (or Pension Fund Board)	Second in priority	Yes	Yes <sup>54</sup>	Yes	Fraudulent preference could be invalidated
Philippines	N/A	N/A	Yes	Trustees are appointed by the senior management	Second in priority after the payment of government dues	Yes	No	Yes	Subject to criminal and civil penalties

<sup>53</sup> SECP is in the process of finalisation of whistleblowing regulations.

<sup>54</sup> However, there is provision under the Public Sector Companies (Corporate Governance) Rules, 2013 for whistleblowing policy and whistleblowing protecting mechanism.

Jurisdiction	Can employees participate in the company's profits by ~			Employee pension funds management entity	Priority of employees to wages and benefits in the event of insolvency	Employees' access to internal redress mechanisms (mediation/arbitration) in case of violation of their rights	Legal and regulatory framework's protection of "Whistle Blowers"	Creditors' involvement in governance in the context of insolvency	Protection of creditors against fraudulent conveyance/insolvent trading in the context of insolvency
	Share Ownership Program (ESOA)	Share Options	Profit sharing schemes						
<b>Singapore</b>	N/A	N/A	No	The Central Provident Fund (CPF)	Wages and salaries rank second after the cost and expenses of winding up	Yes	No	Yes	The fraudulent party could be subject to criminal proceedings. Creditors may also request that an insolvent trade or transaction pursuant to an undue preference be avoided in the context of insolvency. In addition, a party to fraud may be made personally responsible by Court for debts or liability of the company.
<b>Thailand</b>	Yes	Yes	Yes	Asset Management Company	Third in priority	Yes	Yes	Yes	The fraudulent party could be subject to criminal proceedings. The fraudulent conveyance may be cancelled by the court.
<b>Viet Nam</b>	Yes	Yes	Yes	Vietnam Social Insurance Agency	Second in priority	Yes	No	Yes	Insolvent Trading Law prohibits disposal and transactions during insolvency period



### 13. Board structure, size, and tenure

Jurisdiction	Board structure (one or two tier)	Board Size		Appointment
		Minimum	Maximum	Maximum term year
Bangladesh	Unitary	5	20	5
China	Dual Board	5	19	3
Chinese Taipei	Dual Board, but gradually moving to unitary board structure.	5	No limit	3
Hong Kong, China	Mainly unitary, but company free to choose own board structure	3 <sup>55</sup>	No limit	3
India	Unitary	3	15 <sup>56</sup>	5
Indonesia	Dual Board	2	No limit	5
Korea	Unitary	3	No limit	3
Malaysia	Unitary	2	No limit	3
Mongolia	Unitary	9	N/A	No limit
Pakistan	Unitary	7	No limit	3
Philippines	Unitary	5	15	1
Singapore	Unitary	3	10	3
Thailand	Unitary	5	12	3
Viet Nam	Dual Board	3 <sup>57</sup>	11	5

<sup>55</sup> They require at least 3 independent non-executive directors and they must represent at least 1/3 of the board.

<sup>56</sup> Beyond 15, shareholders' approval is required.

<sup>57</sup> 5 members are required for listed companies.

## 14. Mandatory board committees

Jurisdiction	Audit committee	Nomination committee	Remuneration committee	Risk management committee	Other committees
Bangladesh	Yes	No	No	No	No
China	Yes	No	No	No	Strategic Management Committee
Chinese Taipei	Yes	No <sup>58</sup>	Yes <sup>59</sup>	No	No
Hong Kong, China	Yes	Yes	Yes <sup>60</sup>	No	No
India	Yes	Yes	Yes	Yes (top 100 listed companies by market cap)	Stakeholders Grievances Committee
Indonesia	Yes	Yes	Yes	Yes (for banks)	Risk monitoring committee (for banks) Corporate governance committee (for SOEs)
Korea	Yes <sup>61</sup>	Yes <sup>62</sup>	Yes (financial companies)	Yes (financial companies)	No
Malaysia	Yes	Yes <sup>63</sup>	Yes (financial institutions)	Yes (for financial institutions)	N/A

<sup>58</sup> However, the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies encourages listed companies to establish nominating committee to laying down the standards of independence and a diversified background of the board, supervisors and senior executives, finding, reviewing, and nominating candidates for directors, supervisors, and senior executives based on such standards, establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board.

<sup>59</sup> A company whose stock is listed on the stock exchange or traded over the counter shall establish a remuneration committee.

<sup>60</sup> Under the Corporate Governance Code in the Listing Rules, it is a code provision (which listed companies must comply with or explain any deviations) that a nomination committee be established.

<sup>61</sup> Company with total assets valued more than 1.8 billion USD.

<sup>62</sup> for major listed companies, independent director nomination committee is mandatory

<sup>63</sup> In 2012, the Listing Requirements was amended where paragraph 15.08 (A) (1) provides that a listed issuer must establish a nominating committee which comprises exclusively of nonexecutive directors, a majority of whom must be independent.

Jurisdiction	Audit committee	Nomination committee	Remuneration committee	Risk management committee	Other committees
<b>Mongolia</b>	Yes	Yes	Yes	No	No
<b>Pakistan</b>	Yes	No (except for listed public sector companies)	Yes	No <sup>64</sup>	Human Resource Committee
<b>Philippines</b>	Yes	Yes	No	Yes (for banks)	Governance Committee, Related Party Transactions Committee
<b>Singapore</b>	Yes	Yes	Yes	Yes <sup>65</sup>	
<b>Thailand</b>	Yes	No (recommended)	No (recommended)	Yes (for banks) <sup>66</sup>	Risk management committee (for banks)
<b>Viet Nam</b>	Yes <sup>67</sup>	No	No (recommended)	No	No

<sup>64</sup> Code of Corporate Governance 2012 identifies risk management as one of the key issues for the information, consideration and decision of the board of directors of listed companies and/or its committees.

<sup>65</sup> The CG Code sets out, that PLCs may establish a board risk committee to assess the appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies. Risk management committee required for banks incorporated in Singapore and large direct insurers under Banking (Corporate Governance) Regulations, Insurance (Corporate Governance) Regulations respectively. Approved financial market infrastructures are required to have a Conflicts Committee under Securities and Futures (Corporate Governance) Regulations.

<sup>66</sup> CG Code recommended that the board should establish risk management policy to cover all activities of the company, assign management to implement the policy and request a report from management regularly.

<sup>67</sup> If the company choose the model without Supervisory Board.

## 15. Directors' qualifications

Jurisdiction	Requirements				Does law or regulations require continuing training for board directors?	Does law or regulations provide for certification procedure of board directors?
	<i>Fit and proper test</i>	<i>Minimum education and training</i>	<i>Professional experience</i>	<i>Any others</i>		
<b>Bangladesh</b>	Yes	Yes	Yes	N/A	No	No
<b>China</b>	Yes	No	No	Independent director should obtain the qualification certificate of independent director issued by stock exchange	No	No
<b>Chinese Taipei</b>	Yes <sup>68</sup>	Yes <sup>69</sup>	Yes <sup>70</sup>	May not exist among more than half of a company's directors: a. a spousal relationship. b. a familial relationship within the second degree of kinship.	Yes	Yes
<b>Hong Kong, China</b>	Yes	No	No	N/A	No	No
<b>India</b>	Yes	No	No	Disqualified as a director if declared unsound, or declared as an undischarged insolvent.	Yes	No
<b>Indonesia</b>	Yes <sup>71</sup>	Yes	Yes	a. Have integrity, good morals b. Legally competent c. Individuals capable of performing legal actions except for those who in the 5 (five) years before their appointment <sup>72</sup>	Yes (Banks and Securities Company)	Yes
<b>Korea</b>	Yes	No	No	N/A	No	Yes

<sup>68</sup> For financial institutions.

<sup>69</sup> For listed companies' board members.

<sup>70</sup> For independent directors.

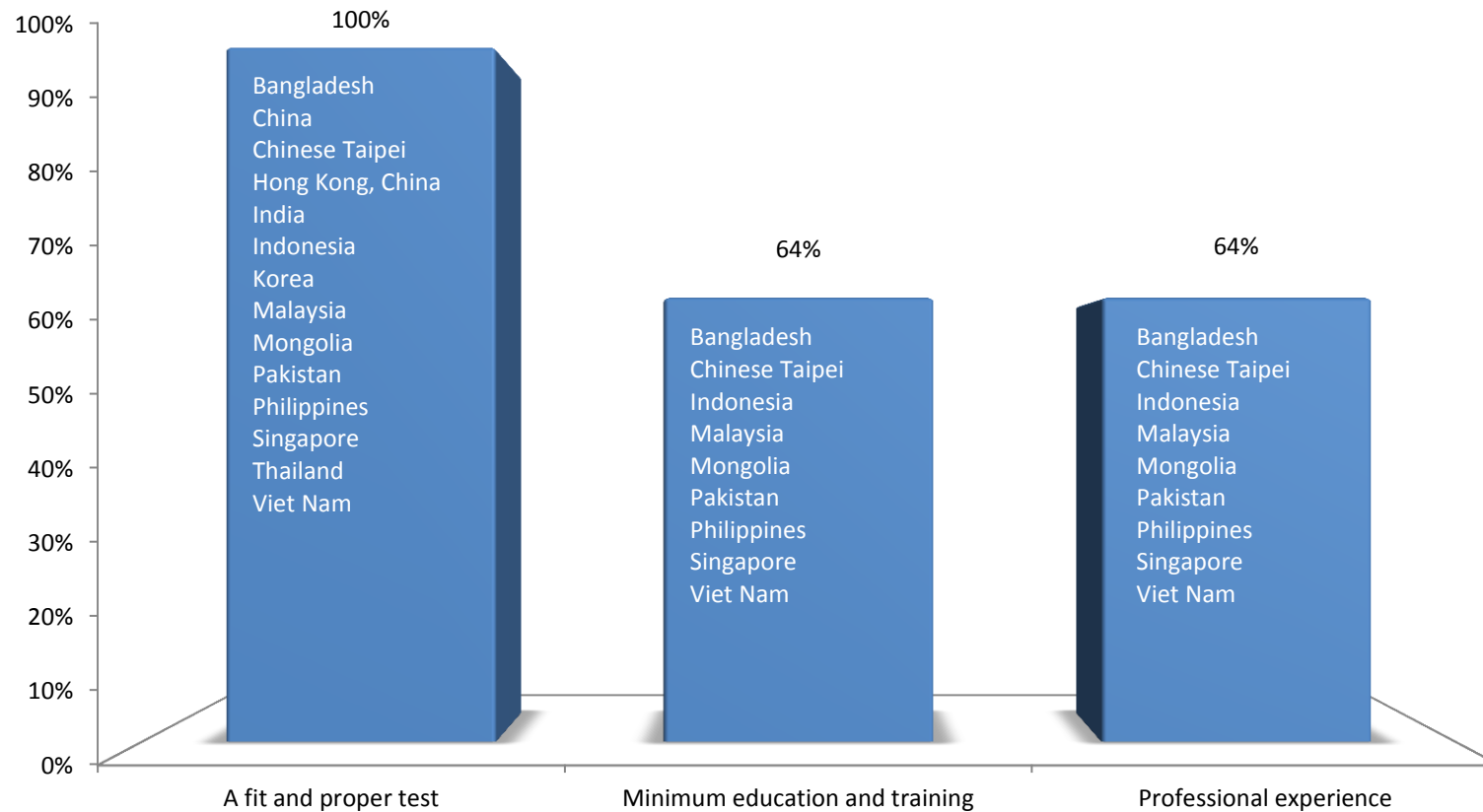
<sup>71</sup> For financial institutions.

<sup>72</sup> Were declared bankrupt, on a board of a company declared bankrupt, criminally charged fir financial losses and/or disqualified as a director/commissioner.

<b>Malaysia</b>	Yes	Yes	Yes	Directors of listed issuers must not be of unsound mind, bankrupt, or been convicted of an offence under the Listing Requirements.	Yes	Yes
<b>Jurisdiction</b>	<i>Fit and proper test</i>	<i>Minimum education and training</i>	<i>Professional experience</i>	<i>Any others</i>	<b>Does law or regulations require continuing training for board directors?</b>	<b>Does law or regulations provide for certification procedure of board directors?</b>
<b>Mongolia</b>	Yes	Yes	Yes	A person should not be in the state or local administrative organisation, or military, police, court or prosecution organisation or under criminal punishment.	No	Yes
<b>Pakistan</b>	Yes	Yes	Yes	N/A	Yes	Yes
<b>Philippines</b>	Yes	Yes	Yes	All directors must not possess any of the grounds for disqualification provided under Article 3(E) of the Revised Code of Corporate Governance. Independent directors must not possess any of the disqualifications provided under Securities Regulation Code Rule 38.	Yes	No
<b>Singapore</b>	Yes	Yes	Yes	As required in the CG Code, first time directors of listed companies expected to receive comprehensive and tailored induction on joining the board. In addition, all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks.	No	No
<b>Thailand</b>	Yes	No	No	Directors shall be not bankrupt, incompetent, or quasi-incompetent; not have been sentenced by a final judgment to imprisonment for dishonesty; and not have been dismissed from a government service or state organisation or agency for dishonesty on duty. <sup>73</sup>	Yes for listed companies	Yes
<b>Viet Nam</b>	Yes	Yes	Yes	N/A	Yes for listed companies	No

<sup>73</sup> Moreover, they shall not have prohibited characteristic indicating a lack of appropriateness in respect of trustworthiness in managing business as the SEC's regulations stipulated.

**Figure 9. Regarding the qualifications of directors, what percentage of jurisdictions require...?**



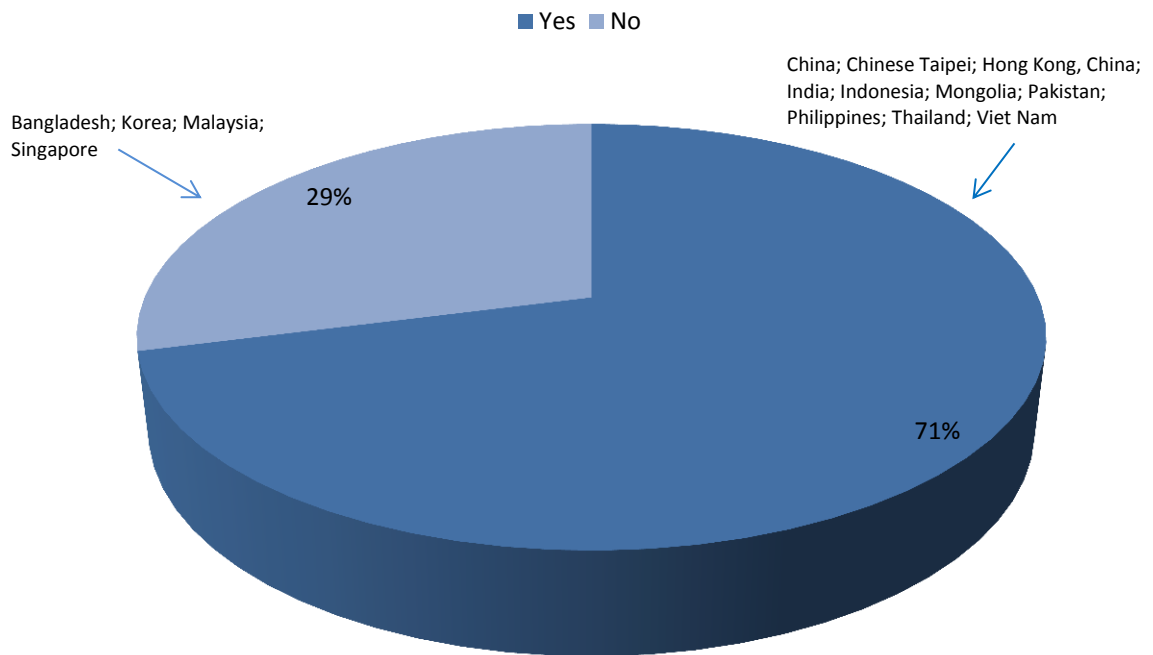
## 16. Disclosure of director's compensation

Jurisdiction	Existing criteria Yes/No	Content of requirement or recommendation <i>e.g. Long term incentive mechanism for variable remuneration</i>
<b>Bangladesh</b>	No	N/A
<b>China</b>	Yes	Remuneration of company directors should be determined by compensation committee, submitted to the general meeting of shareholders for review, and disclosed in the company's annual report.
<b>Chinese Taipei</b>	Yes	The remuneration committee shall take into account the reasonableness of the correlation between remuneration and individual performance of the director, the business performance of the company, and future risk exposure when assessing the performance and remuneration of the director.
<b>Hong Kong, China</b>	Yes	It is a recommended best practice that a significant portion of executive directors' remuneration should link rewards to corporate and individual performance.
<b>India</b>	Yes	Not mandated, but recommended under the Corporate Governance Voluntary Guidelines 2009.
<b>Indonesia</b>	Yes	OJK Regulation Number 34/POJK.04/2014 requires companies to disclose how director's compensation is reviewed and evaluate the BOD remuneration.
<b>Korea</b>	Yes <sup>74</sup>	Not mandatory, but recommended.
<b>Malaysia</b>	No	The Malaysian Code of Corporate Governance 2012 recommends that companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.
<b>Mongolia</b>	Yes	The Mongolian Corporate Governance Code, which is mandatory for main board listed companies, requires review and evaluation. Security issuer disclosure regulation requires disclosure.
<b>Pakistan</b>	Partially yes	As per the Code, companies are required to ensure that they have in place a formal and transparent procedure for fixing the remuneration packages of individual directors, and that no director is involved in deciding his/her own remuneration. <sup>75</sup>
<b>Philippines</b>	Yes	The Revised Code of Corporate Governance provides that "a portion of the remuneration of executive directors may be structured or be based on corporate and individual performance". The actual process of linking compensation to the performance is left to the discretion of the company.
<b>Singapore</b>	No	The CG Code sets out that PLCs should disclose their remuneration policies, level and mix of remuneration and procedures for setting remuneration.
<b>Thailand</b>	Yes	The SEC required listed companies to disclose policy and remuneration of the board in their registration statement (Form 56-1) and annual report.
<b>Viet Nam</b>	Yes	N/A

<sup>74</sup> For registration officers of financial companies whose remuneration is no less than 500,000,000 won, remuneration policy should be disclosed.

<sup>75</sup> Further, the company's Annual Report shall contain details of the aggregate remuneration separately of executive and non-executive directors, including salary/fee, benefits and performance-linked incentives etc.

**Figure 10. Are there existing criteria for disclosing director's compensation?**





## 17. Independent directors

Jurisdiction	Requirements on separation of the CEO and Chair of the board	Requirements on the election of independent directors to the board by law or regulations	Minimum number or ratio of independent directors	Does the definition of “independence” exclude persons who are/were ~			
				<i>Related to management (by birth or marriage)</i>	<i>Related to major shareholders</i>	<i>Employees of affiliated companies</i>	<i>Representatives of companies having significant dealings with the subject company</i>
<b>Bangladesh</b>	Yes	Yes (listed Companies)	20%	Yes	Yes	Yes	Yes
<b>China</b>	No	Yes	1/3	Yes	Yes	Yes	Yes
<b>Chinese Taipei</b>	No	Yes (listed Companies)	20% and no less than 2	Yes	Yes	Yes	Yes
<b>Hong Kong, China</b>	No: under the Companies Ordinance <sup>76</sup>	Yes	3 and 1/3	Yes	Yes	Yes	Yes
<b>India</b>	Non-mandatory	Yes	1/3 or 50%	Yes	Yes	Yes	Yes
<b>Indonesia</b>	Yes (dual board system)	Yes	30% or 50% <sup>77</sup>	Yes	Yes	Yes	Yes
<b>Korea</b>	No	Yes	>3 + majority or 25% <sup>78</sup>	Yes	Yes	Yes	Yes
<b>Malaysia</b>	No	Yes	1/3 or 2	Yes	Yes	Yes	Yes
<b>Mongolia</b>	Yes	Yes	1/3	Yes	Yes	Yes	Yes
<b>Pakistan</b>	Yes	Yes	1 mandatory or 1/3 preferably <sup>79</sup>	Yes <sup>80</sup>	Yes	Yes	Yes
<b>Philippines</b>	No	Yes	2 or 20%	Yes	Yes	Yes	Yes
<b>Singapore</b>	No	Yes	1/3 and 2 <sup>81</sup>	Yes	Yes	Yes	Yes
<b>Thailand</b>	No <sup>82</sup>	Yes	3 or 1/3	Yes	Yes	Yes	Yes
<b>Viet Nam</b>	No <sup>83</sup>	Yes	1/3	Yes	Yes	Yes	Yes

<sup>76</sup> However under the Corporate Governance Code in the Listing Rules it is a code provision (which listed companies must comply with or explain any deviations) that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

<sup>77</sup> Minimum 30% of total board of commissioner (two-board system); for banking minimum independent director 50% of total board of commissioner.

<sup>78</sup> Major companies: at least three directors and the majority of the BOD; smaller ones: 25%.

<sup>79</sup> 50% required for public sector companies.

<sup>80</sup> The Code of Corporate Governance 2012 (Clause 1(b) bullet point 5) does exclude close relative of the company's promoters, directors or major shareholders from definition of independence.

<sup>81</sup> 50% required when the Chairman and the CEO are not independent.

<sup>82</sup> However, CG Code recommended that Chairman and CEO of listed companies should not be the same person.

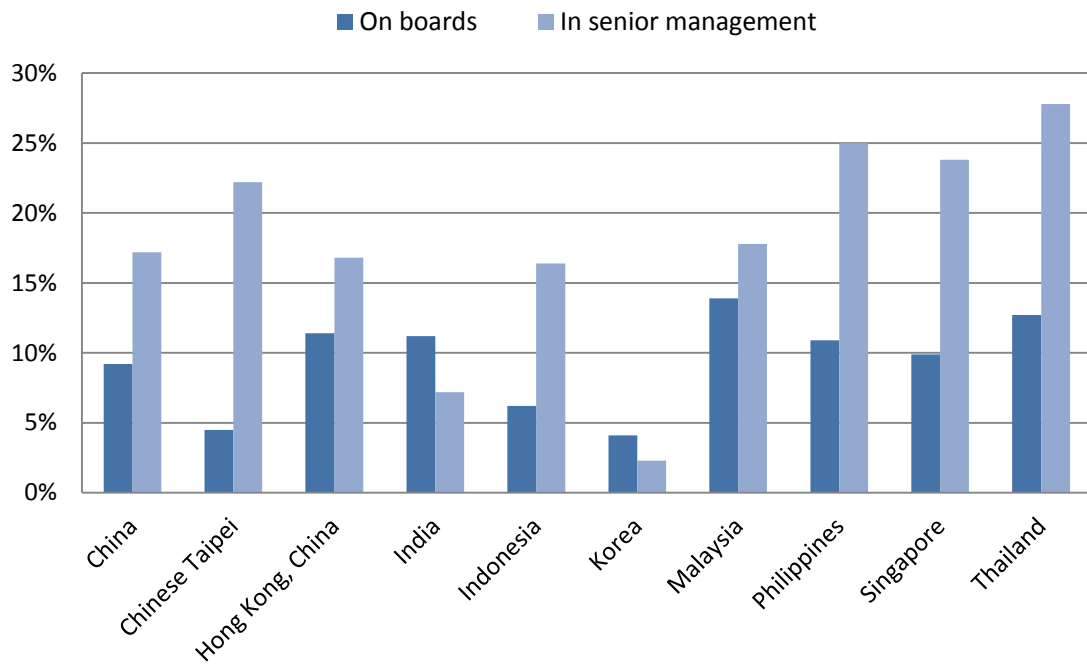
<sup>83</sup> Yes for listed companies.

## 18. Gender balance on boards and in senior management

Jurisdiction	Requirements to disclose statistics on gender composition		Is there a quota/target for companies to achieve gender balance on boards?		What is the percentage of women	
	Of boards?	Of senior management?	Quota or target?	Objective and Year	On boards?	In senior management?
<b>Bangladesh</b>	No	No	No	N/A	N/A	N/A
<b>China</b>	Yes	Yes	No	N/A	9.2%	17.2%
<b>Chinese Taipei</b>	No	No	Target	One-third	4.5%	22.2%
<b>Hong Kong, China</b>	No	No	No	N/A	11.4%	16.8%
<b>India</b>	No	No	Quota	1 women director by 2016	11.2%	7.2%
<b>Indonesia</b>	No	No	No	N/A	6.2%	16.4%
<b>Korea</b>	No	No	No	N/A	4.1%	2.3%
<b>Malaysia</b>	Yes	Yes	Target	30% by 2016	13.9%	17.8%
<b>Mongolia</b>	No	No	No	N/A	N/A	N/A
<b>Pakistan</b>	No	No	No	N/A	N/A	N/A
<b>Philippines</b>	No	No	No	N/A	10.9%	25.0%
<b>Singapore</b>	No	No	No	N/A	9.9%	23.8%
<b>Thailand</b>	No	No	No	N/A	12.7%	27.8%
<b>Viet Nam</b>	No	No	No	N/A	N/A	N/A

Note: Data in this table on women on boards and in senior management are sourced from *Credit Suisse Research (2016)* and do not cover Bangladesh, Mongolia, Pakistan or Viet Nam.

**Figure 11. What is the percentage of women in listed companies?**



Source: Credit Suisse Research (2016)

## Participating Organisations

<b>Jurisdiction</b>	<b>Organisation</b>	<b>Respondent(s)</b>
<b>Bangladesh</b>	Bangladesh Securities and Exchange Commission (BSEC)	Mr. Hasan Mahmud, Executive Director, Mutual Fund and SPV Department & Corporate Finance Department
<b>China</b>	China Securities Regulatory Commission (CSRC)	Mr. Haijun Li, Director, Department of International Affairs
<b>Chinese Taipei</b>	Securities and Futures Bureau (SFB)	Ms. Diane Hsu, Researcher
<b>Hong Kong, China</b>	Securities and Futures Commission (SFC)	Ms. Sau-Wing Mak, Director, Corporate Finance
<b>India</b>	Securities and Exchange Board of India (SEBI)	Mr. Jayanta Jash, Chief General Manager
<b>Indonesia</b>	Indonesia Financial Services Authority (OJK)	Ms. Evie Sulistyani, Deputy Director of Accounting Standard and Capital Market Governance
<b>Korea</b>	Ministry of Justice (MOJ)	Mr. Hee Man Chae, Prosecutor, Ministry of Justice
<b>Malaysia</b>	Securities Commission Malaysia (SCM)	Ms. Azryta Abdul Aziz, Head of the Corporate Governance Department
<b>Mongolia</b>	Financial Regulatory Commission (FRC)	Mr. Jigjid Unenbat, Executive Director Corporate Governance
<b>Pakistan</b>	Securities and Exchange Commission of Pakistan (SECP)	Mr. Akif Saeed, Commissioner Securities Market Division, Information Systems and Technology Department, Investor Education and International Relations Department
<b>Philippines</b>	Securities and Exchange Commission (SEC)	Ms. Rosario Carmela Austria, Assistant Director, Corporate Governance and Finance Department
<b>Singapore</b>	Monetary Authority of Singapore (MAS)	Ms. Rosemary Wei Min Lim, Deputy Director and Head of Market Conduct Policy Division
<b>Thailand</b>	Securities and Exchange Commission (SEC)	Ms. Somsuda Tanchanpongs, Director, Corporate Governance Department
<b>Viet Nam</b>	State Securities Commission (SSC)	Ms. Le Thi Thu Ha, Deputy Director, Securities Issuance Department

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## OECD Survey of Corporate Governance Frameworks in Asia

This Survey provides a unique consolidated snapshot of the legal, regulatory and institutional framework for the corporate governance of listed companies across 14 Asian economies: Bangladesh, China, Hong Kong (China), India, Indonesia, Korea, Malaysia, Mongolia, Pakistan, Philippines, Singapore, Thailand, Chinese Taipei and Viet Nam.

The Survey tracks how these economies are implementing the G20/OECD Principles of Corporate Governance which offer a comprehensive set of recommendations to policy makers to support sound corporate governance frameworks.

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