

Thematic Review on Corporate Governance

Available as: [PDF](#)

28 April 2017

This peer review examines the implementation of the G20/Organisation for Economic Co-Operation and Development (OECD) Principles of Corporate Governance. The peer review takes stock of how FSB member jurisdictions have applied the Principles to publicly listed, regulated financial institutions, identifying effective practices and areas where good progress has been made while noting gaps and areas of possible weakness. One of the main lessons from the global financial crisis of 2008-2009 learned by financial institutions, regulators and other stakeholders is the need to strengthen corporate governance, both in terms of the frameworks and related rules and in terms of the practices of financial institutions. The peer review found that, while all FSB member jurisdictions have a comprehensive corporate governance framework, its effectiveness can be impacted if the division of responsibility among financial sector authorities is unclear or if the various requirements overlap, leave unwarranted gaps, or are otherwise not well aligned with each other. The peer review also found that although FSB member jurisdictions' corporate governance frameworks generally provide some degree of proportionality – typically requiring financial institutions to have risk management systems that are commensurate with their size, complexity and risk profile – other factors such as ownership and control structure, geographical presence and stage of development could also be considered.

The peer review offers 12 recommendations to FSB member jurisdictions, standard-setting bodies (i.e. OECD, Basel Committee on Banking Supervision, International Association of Insurance Supervisors and International Organization of Securities Commissions) and financial institutions focusing, among others, on the following areas:

- *Ensuring the basis for an effective corporate governance framework* – identify and address gaps or inconsistencies in cases where corporate governance frameworks are found in multiple sources; and augment enforcement powers available to supervisory authorities to address weaknesses in corporate governance regimes or non-compliance with corporate governance requirements.
- *Disclosure and transparency* – consider improving disclosures related to governance structures, voting arrangements, shareholder agreements and significant cross-shareholdings and cross-guarantees; and identify remuneration information that could be usefully provided to shareholders.
- *The responsibilities of the board* – consider adoption, implementation and disclosure of codes of ethics or conduct; and encourage boards to undertake regular assessments of their effectiveness.
- *Rights and equitable treatment of shareholders and key ownership functions* – consider requiring that shareholders be given opportunity to vote on financial institution remuneration policies and the total value of compensation for the board and senior management.
- *The role of stakeholders in corporate governance* – consider enhancing the effectiveness of whistle-blower programmes.
- *Other* – consider reviewing practices with respect to the effectiveness of rules regarding the duties, responsibilities and composition of boards within group structures; the framework for related party transactions; and the role and responsibilities of independent directors on the board and board committees.

Content Type(s): [Peer Review Reports](#), [Publications](#) Source(s): [FSB Policy Area\(s\)](#): [Compensation](#), [Disclosure](#), [Implementation Monitoring](#), [Peer Reviews](#)

FSB publishes thematic peer review on corporate governance

Peer review sets out recommendations to improve corporate governance of financial institutions in FSB jurisdictions.

[Read More](http://www.fsb.org/2017/04/fsb-publishes-thematic-peer-review-on-corporate-governance/) (<http://www.fsb.org/2017/04/fsb-publishes-thematic-peer-review-on-corporate-governance/>)

Copyright © 2018 | Financial Stability Board