The role of National Corporate Governance Commission: Lessons learned from Bulgaria

Baku February 2011

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Milestones of the establishment and development of BNCGC

- What after the launch of Bulgarian National CG Code??? 2007
- The necessity to transform Bulgarian CG Task Force into an independent body
- Recommendations of ROSC II “BCGC Task Force-should reconstitute on the agreed-upon date to amend the NCGC...... In this respect, it might be useful to institutionalize the BCGCTF and to provide it with clear mandate” 2008
- Unanimous decision of the Task Force members to establish a new body
- GCGF support: consultations
- Survey on the practice within EU- German experience, Dutch Experience, Scandinavian Experience etc.
- Feasibility study and ...... the launch of the new Commission- September, 2009

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Bulgarian NCG Commission

➤ Independent body;
➤ Co-founders: BSE, FSC and BNB
➤ Support from the business and the State
➤ Important element of national infrastructure for CG

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BNCG Commission

mission
functions
structure & members
modus operandi

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Mission

➢ To encourage the implementation of good corporate governance practice
➢ To help ensure that the Corporate Governance Code is practicable and to update its content
➢ To monitor the compliance of Bulgarian listed companies and institutional investors with the Code

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Functions

- To encourage the implementation of good CG practice in Bulgarian companies
- To monitor the implementation of Bulgarian NCG Code
- To revise and update the Code
- To cooperate with the regulators (discussions, consultations, suggestions to the regulators for improvements of the legal framework for corporate governance)
- To prepare on annual basis reports about the CG status quo in Bulgarian listed companies
- To cooperate with international associations and organizations

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BNCG Commission: structure and members

- Commission is a collegial independent body
- Commission membership mirrors the structure of all parties that are involved in the implementation and the monitoring of good CG practice
- Representatives of associations of capital market players: investor intermediaries, institutional investors;
- Representatives of national employers associations
- Representatives of BSE-SRO
- Representatives of the “champions”- companies with good achievements and reputation in the field of CG
- Representatives of the of regulators
- Representatives of academia
Modus operandi

- In its activities BNCGC is guided by the principles of professionalism, objectivity, transparency;
- BNCGC cooperates with the business community and the State;
- Commission Chairman is elected among the members with a six months mandate. In her/his work she/he is supported by a BNCGC secretary;
- Representatives of the co-founders could not be nominated for the position of the Chairman.

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Modus operandi

- BNCG Commission operates according an annual plan
- Periodically / monthly meetings
BNCGC- factors for success

- Co-founders and acting members are likeminded people
- Good cohesion among members
- Clear mission, objectives
- Written rules
- Well scheduled and run meetings
- Chairman- Covey’s type of leader
- Effective partnership between the business on one hand, and the State on the other
BNCGC- problems

- Difficult start: discussions on rules, membership and functions;
- Lack of resources and the problem with the budget;
- Rules do not foresee all situations;
- The traditional well known cycle for efficient teamwork: forming; storming, norming and performing lasted longer than expected;

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BNCGC- a few examples of activities

- Introduction of CG Scorecard
- Introduction of CG index (the draft stage)
- Critical situation on the capital market and the Commission reaction to the violation of the Code by one of the biggest listed companies: discussions, cooperation with FSC, final decision and press release and.... a lesson learned: BNCGC has a mandate to promote good CG practice and does not have a mandate to police the capital market players.

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Thank you!
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