



Al Majlis

Inside this issue:

In the News!	2
GCC Boards in Action	4
Upcoming events	5
Why codes of governance work	6
Middle East Corporate Governance	11
Members Corner	14



Issue 06, 2010

From the editor

Soha Ellaithy
[Contact the editor](#)

Dear Member,

GCC regulatory authorities have recognized the value of adopting corporate governance codes in ensuring transparency and good performance and hence investor confidence. First it was Oman, then it was Saudi Arabia, followed by the UAE and Qatar and now Bahrain. In the past 5 years, there has been a strong push not only to introduce corporate governance codes but also to strengthen compliance functions at the regulatory level in almost all GCC countries.

In this issue we present two articles that discuss the role played by codes of corporate governance in effecting change. In 'Why codes of governance work', Simon Wong, argues for the implementation of codes versus legislation and explores ways to ensure codes are powerful tools while avoiding the pitfalls that may lie ahead.

In 'Middle East Corporate Governance – are we moving in the right direction' Steven Drake and Nabil Diab argue for enforcement and the kind of compliance that changes the culture of a company and engages its board in the process.

Although governance codes in the GCC currently target publicly listed companies, there is a great benefit for other companies, particularly family-owned businesses, to introduce similar reforms. One company that has recognized this wisdom is the Al-Osais Holding Company. In our members' corner this quarter, our member Mr. Abdulrahman Al Moraisel, Vice President of Al Osais Holding shares with us his company's journey in creating a strong culture of good governance and how the board played a pivotal role in this success.

We hope you enjoy reading this issue and as always, we love to hear your thoughts.

Contribute to
'In the News!' section

In the News!

Call to action: Contribute to BDI's 2011 publication

As BDI members, each one of you has made a personal commitment to help improve board effectiveness. This commitment stems not only from your sense of personal / corporate improvement, but also from a desire to enable the economies of the GCC become globally recognized as secure, well-governed environments for investment.

In order to support you in this effort, BDI publishes a biannual report on the state of board effectiveness in the region. This report was widely circulated in 2009 and gave strong insights into Boards in the GCC. Currently, BDI is collecting the data for the 2011 edition of the report.

In order for the 2011 publication to be a success, we need your help as a BDI member. Please take 30 minutes to us your opinion on Board effectiveness in the GCC by completing an anonymous online survey.

Please [click here](#) to fill out the survey online no later than October 3, 2011. Your answers will be completely anonymous.

As members, you have helped bring about a positive change in the world around you. By taking part in this research, you will help us ensure this story is told and will undoubtedly play a key role in increasing transparency and faith in the companies in the GCC.

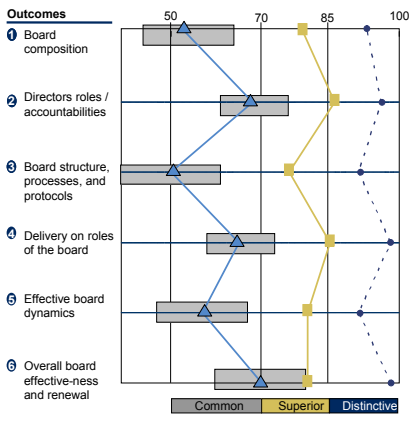
We thank you in advance for your effort!

If you have any questions or comments, please contact Jennifer May (Jennifer.may@gccbdi.org).

BOARD DIRECTORS INSTITUTE Board Effectiveness and Governance Survey		
1. Board composition and director capabilities		
The following questions are designed to assess your perspective of the effectiveness of the Board. For each question, indicate your level of agreement or disagreement.		
Board composition and diversity	Strongly Agree	Agree
The Board has an effective process for nominating and appointing new directors	<input type="radio"/>	<input type="radio"/>
The Board is close to the right size for the Board members to work together effectively	<input type="radio"/>	<input type="radio"/>
The Board has among its members the right mix of industrial and functional expertise	<input type="radio"/>	<input type="radio"/>
The number of independent directors on the Board is sufficient to ensure the Board's independence	<input type="radio"/>	<input type="radio"/>
There is sufficient diversity in opinions and perspectives within the Board	<input type="radio"/>	<input type="radio"/>
Board members' tenure is adequately long enough to ensure accountability	<input type="radio"/>	<input type="radio"/>
Board members rotate at an adequate rate to allow new talent to join the Board	<input type="radio"/>	<input type="radio"/>



Sample overall BEI benchmark results
% agreeing/agreeing with the outcome



Introducing the Board effectiveness initiative

As part of BDI’s mission, we are dedicated to empowering each of our members to continuously improve the effectiveness of their boards so that boards can continue to push their companies’ performance from good to great.

We are proud to introduce the BDI Board Effectiveness Initiative, which is a tailored board diagnostic tool designed to provide boards with a comprehensive overview of their strengths and a tangible plan on how to leverage these strengths.

As one of the benefits of being a BDI member, your board is entitled to take part in the Board Effectiveness Initiative (BEI) at cost, making this an excellent opportunity to establish your company / organization as a leader in corporate governance in the GCC.

The BEI Methodology:

The BEI is led by BDI and its content partners and involves substantial input from all board members. The methodology has been thoroughly field-tested, ensuring the initiative is fruitful and relevant to GCC companies. The process is divided into 3 stages:

- **Stage 1: Online Survey:** All board members anonymously complete an online survey, which is used to create an initial picture on top-line board performance.
- **Stage 2: In-Depth Interviews:** BDI and its content partners conduct in-depth, one-hour interviews with each board member. All information is presented collectively, ensuring anonymity.
- **Stage 3: Co-Creation of a Board Improvement Plan:** Using the findings from the surveys and the interviews, BDI will work together with the board to design a forward looking plan focused on leveraging the board’s strengths and capturing any opportunities for improvement.

If you are interested in learning more about how the Board Effectiveness Initiative (BEI) can be implemented for your board, please contact us at contact@gccbdi.org or call Jennifer May at +971 56 681 8397.



GCC Boards in Action

GPIC chief elected to US safety panel

Manama: Tuesday, 31 August 2010

Mr. Abdulrahman Jawahery, Gulf Petrochemical Industries Company (GPIC) general manager and member of BDI has been elected as a member of the US National Safety Council (NSC) board of directors.

Mr. Jawahery is the first person from the GCC and Middle East region to be elected to the board, a company statement said. He has also been appointed a member of the NSC strategic committee and the board trustees committee.

The Itasca, Illinois-based NSC, is a non-profit, non-governmental public service organization dedicated to protecting life and promoting health in the US.

2010-2011

- Senior Director Workshop
1-3 November, 2010
Manama, Bahrain
Hosted by Investcorp
- Senior Director Workshop
21-23 February, 2011
Jeddah, Saudi Arabia
- Senior Director Workshop
30 May -1 June, 2011,
Riyadh, Saudi Arabia
- Senior Director Workshop
28-30 November, 2011
Ras Tanura, Saudi Arabia

Upcoming events

Senior Director Workshop, 1-3 November 2010, Manama, Bahrain

The next Senior Director Workshop will be on 1-3 November, 2010 at the Ritz Carlton Hotel in Manama. During the opening dinner on 1st November, we are delighted to have Mr. Talal Al Zain, Chief Executive Officer of Bahrain Mumtalakat Holding Co and Chairman of Gulf Air as our keynote speaker. On the second day of the workshop, Investcorp will host an Alumni dinner event which many of BDI's Alums will attend. We are honored to have H.E. Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain as a keynote speech at the alumni dinner.

To reserve your seat in this workshop, please contact Soha Ellaithy at soha.ellaithy@gccbdi.org

Complimentary Refresher Sessions for BDI Alumni

As a reminder to our members who have attended the Senior Director Workshop in the past, BDI is offering you the opportunity to attend any of its Senior Director Workshops throughout 2010 - 2011 as a refresher. Attendance of sessions will be on a complimentary basis but does not include hotel accommodation. If you are interested in taking advantage of this opportunity, please contact us with the date of the workshop you would like to attend so we can reserve your seat.



Simon C.Y. Wong is an independent advisor and Adjunct Professor of Law at Northwestern University School of Law. Previously, he was Head of Corporate Governance in the London office of Barclays Global Investors and a management consultant at McKinsey & Company.

Why codes of governance work: Corporate-governance codes are definitely effective—within limits

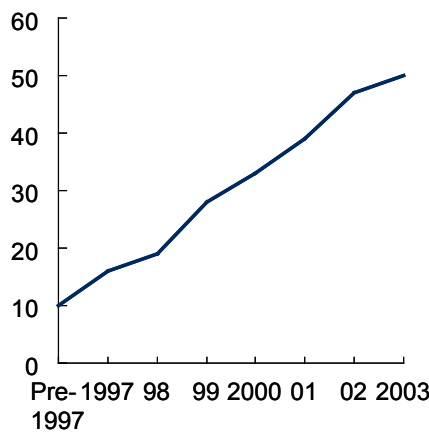
Corporate-governance codes have proliferated in the 12 years since the Cadbury Code of Best Practice¹ came into effect in the United Kingdom. In the past 2 years alone, new codes have emerged in every G-7 country² except Japan, as well as in places as diverse as Brazil, Mauritius, the Netherlands, Oman, the Philippines, Russia, South Africa, Switzerland, and Turkey. Today, 50 countries have their own (Exhibit 1).

codes embody their views of what good governance is all about. The Cadbury Code, for instance, made 19 recommendations addressing the structure, independence, and responsibilities of boards; effective internal financial controls; and the remuneration of directors and executives.

Since companies are not required by law to comply with codes of practice,

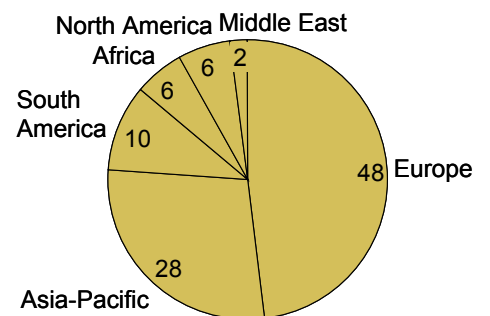
EXHIBIT 1
Governance goes global

Cumulative number of countries with governance codes



Distribution of governance codes by region, %

100% = 50 countries



SOURCE: European Corporate Governance Institute; McKinsey analysis

1 See www.ecgi.org/codes/country_documents/uk/cadbury.pdf for the Cadbury Committee's full report.
2 Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

Governance codes emanate from securities commissions, stock exchanges, investors and investor associations, and supranational organizations. To put it simply, the

there is clearly a risk they won't work. The evidence, however, suggests that they do. In the United Kingdom, the Cadbury Code has sparked real improvements: for instance,

Policy makers around the world increasingly argue that codes embodying these principles not only protect investors against fraud and poor stewardship but also may help reduce the corporate sector's cost of capital

the increasing professionalism of many boards (as measured by their composition, structure, and processes) can be directly related to it. Even in countries where progress has been slower, the codes' existence has at the very least put corporate governance into the public domain and made managers and directors more aware of what is expected of them. Yet the very success of the codes raises concerns about their future development.

Why a code?

The pioneering Cadbury Code was a response to a series of scandals and corporate failures among UK listed companies in the early 1990s. It aimed to help prevent similar scandals and to rebuild the trust of the public

and investors by prodding companies to improve their governance practices. The codes that have followed in its wake around the world embodied similar goals. In emerging markets, which typically provide for much less transparency about what companies do, the stakes are even higher: policy makers there fear that scandals might trigger the indiscriminate selling of stocks and a systemic crisis.

Codes vary in scope and detail, but most tackle four fundamental issues: fairness to all shareholders,

whose rights must be upheld; clear accountability by the board and management; transparency, or accurate and timely financial and nonfinancial reporting; and responsibility for the interests of minority shareholders and other stakeholders and for abiding by the letter and spirit of the law. Policy makers around the world increasingly argue that codes embodying these principles not only protect investors against fraud and poor stewardship but also may help reduce the corporate sector's cost of capital. Provisions for securing these benefits can vary significantly, often reflecting each country's particular circumstances (Exhibit 2).

The attraction of a code (as opposed to a law) lies in its flexibility. Legislating every aspect of corporate behavior would clearly be impossible, and statutory prescriptions would be inappropriate for many governance issues. Moreover, companies need room to maneuver. One that unexpectedly lost its CEO, for example, could want the chairman to step in while it recruited someone else—which might not be allowed under legislation prohibiting the same person from holding both positions. And, crucially, codes can be amended to reflect changing needs and circumstances much more quickly than legislation can.

EXHIBIT 2

One size does not fit all

	Independent directors?	Separation of chairman-CEO roles	Rotation of external auditor?	Frequency of financial reporting?	'Comply or explain' requirement?	Selected country-specific governance issues
Brazil ▪ CVM Code (2002)	▪ As many as possible	▪ Clear preference for split	▪ Not covered	▪ Quarterly	▪ No	▪ Adoption of IAS/US GAAP ¹ ▪ Fiscal boards ¹ ▪ Tag-along ¹
France ▪ Boulton Report (2002)	▪ At least one-half of board	▪ No recommendation given	▪ Regularly, for lead auditors	▪ No, recommendation given	▪ No	▪ Dual statutory
Russia CG Code (2002)	▪ At least one-quarter of board	▪ Split required by law	▪ Not covered	▪ Quarterly	▪ No	▪ Managerial boards
Singapore CG Committee (2001)	▪ At least one-third of board	▪ Recommended	▪ Not covered	▪ Quarterly	▪ Yes	▪ Disclosure of pay for family members of directors/CEOs
United Kingdom ▪ Cadbury Code (1992)	▪ Majority of non-executive directors	▪ Recommended	▪ Periodically, for lead auditors	▪ Semiannually	▪ Yes	▪ ...
▪ Combined Code (2003)	▪ At least one-half of board	▪ Clear preference for split	▪ Not covered ²	▪ Semiannually, per listing rules	▪ Yes	▪ ...
United States ▪ Conference Report (2003)	▪ Substantial majority of board	▪ Separation is 1 of 3 acceptable options	▪ Recommended for audit firm ³	▪ Quarterly, as required by law	▪ No	▪ ...

¹ IAS = International Accounting Standards; GAAP = generally accepted accounting principles; fiscal boards are akin to audit committees, but members are appointed by shareholders; tag-along rights protect minority shareholders by giving them right to participate in transactions between large shareholders and third parties

² In United Kingdom, accounting profession's self-regulatory body requires rotation of lead audit partner every 7 years; Combined Code recommends that companies annually determine auditor's policy on partner rotation

³ Sarbanes-Oxley Act requires rotation of lead audit partner every 5 years. Circumstances that warrant changing auditor firm include audit relationship in excess of 10 years, former partner of audit firm employed by company, and provision of significant nonaudit services

Despite an apparent lack of teeth, codes undoubtedly improve corporate governance. They focus attention on it and often influence broader policy debates about the regulation of business. They help educate companies, often by collecting and clarifying best practices. And codes drafted by powerful institutional investors, such as the California Public Employees' Retirement System (Calpers) and Hermes (see "Agenda of a shareholder activist," in the current issue), have had a direct impact on corporate practice by stating what these investors expect from the companies in which they invest.

Comply or explain

Codes are most effective when combined with mandatory disclosure, a practice known as "comply or explain." In adopting the Cadbury Code, for instance, the London Stock Exchange

demanded that listed companies reveal in their annual reports whether they were complying with it—and, if not, why. The comply or explain approach has since spread to dozens of countries, including Australia, Canada, Mexico, the Netherlands, and Singapore. Even in the United States, where legislation (most recently exemplified by the Sarbanes-Oxley Act) is preferred, the comply or explain approach has crept in. The US Securities and Exchange Commission (SEC), for example, now requires companies to disclose whether they have financial experts on their audit committees and if not to explain why.

Comply or explain requirements have made corporate-governance practices much more transparent and forced companies to think about them carefully, since any departure from the code must be publicly justified. Such requirements are particularly effective in countries where the media and activist shareholders monitor corporate behavior, since companies would often rather comply than risk intense media scrutiny of their explanations. To comply with a new Dutch corporate-governance code, ABN Amro Bank, for instance, recently decided to abolish an antitakeover provision.

Codes and laws

Ultimately, corporate-governance codes and laws must support each other. All countries have such statutes—for example, the requirement that companies file financial statements. Legislation and government regulations, we believe, should provide a floor: minimum standards for issues such as financial reporting, auditing requirements, and the frequency and content of shareholder meetings. Corporate-governance codes, by contrast, can encourage best practices in these and other areas, including shareholder relations and executive compensation.

The boundary between laws and codes will shift over time and vary by country. A run of financial scandals might call for the strengthening of regulations dealing with the responsibilities of audit committees. Conversely, legislators in some countries have relaxed their capital requirements because laws against fraudulent conveyance have been strengthened and innovative financial contracts make it easier for a creditor to protect itself. By contrast, in some emerging markets, where corporate-governance awareness is low and public scrutiny weak, legislation might be favored over voluntary codes.

Triple jeopardy

Despite the codes' enormous success in promoting change, three developments could jeopardize their use. Paradoxically, it is their very success that has given rise to these threats.

"Regulation creep" is the first. Because codes have improved corporate governance, many people are tempted to broaden their scope and add more detail. In the United Kingdom, for example, the Higgs review of 2003 recommended raising to 82, from 45, the number of provisions in the 1998 Combined Code, a successor to the Cadbury Code. Some of the proposals—for instance, expanding the role of senior independent directors—had limited support within the United Kingdom. Such provisions risk being ignored and can imperil a code's credibility.

The second concern is an overemphasis on "complying" rather than "explaining." Increasingly, attempts to show why companies have deviated from codes are dismissed without thought, as though the "comply or explain" approach was being interpreted as "comply or breach." This tendency, inspired by the desire to judge corporate governance by ticking off boxes rather than undertaking a deeper analysis, threatens a

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fundamental virtue of the codes: flexibility.

Third, the progressive convergence of codes around the world, if taken too far, might generate a one-size-fits-all mentality. A powerful force driving that convergence is the listing of corporate shares in many different countries, thereby helping to spread best practices from one jurisdiction

to another. Furthermore, industry bodies want common standards in the countries and companies where their members invest. Ratings agencies around the world use similar criteria to evaluate governance practices. Supranational entities such as the Organisation for Economic Co-operation and Development (OECD) have promulgated influential codes; the European Union is closing up the gaps among governance standards in its member states. Even codes in emerging markets are converging with UK or US best practice thanks to competition for foreign capital, to say nothing of national pride (see "Asia's governance challenge," in the current issue).

The convergence of corporate-governance codes should be welcomed because it signals broad acceptance of certain basic standards. But it shouldn't

be pushed too far. The Combined Code, for instance, has been emulated in many countries, but its increasing emphasis on the independence of boards may make the latest version less relevant for emerging markets, where it is common for a company to have a single majority owner. In these countries the appointment of a senior independent director and requirements that boards meet without the presence of management shouldn't be a priority. Codes in emerging markets should concentrate on more basic things, such as the full and timely disclosure of information and efforts to ensure that controlling shareholders don't expropriate minority ones.



Steve Drake is a Partner heading the Capital Markets Group for PwC in the Middle East region. Prior to joining the Middle East firm in July 2007, Steve worked in Japan, South Africa, United States, UK and Continental Europe advising clients primarily with respect to transactional accounting, cross border conversion requirements and equity and debt offerings

Middle East Corporate Governance - are we moving in the right direction?

Overview

Fairly robust requirements have been introduced in the UAE and Saudi Arabia relating to corporate governance. These requirements cover matters such as board composition, independent directors, audit committees and other subcommittees such as nomination and remuneration committees. However, these regimes are in the early stages of implementation and many companies are only now complying with the new requirements for the first time.

Both the Securities and Commodities Authority ("SCA") in the UAE and the Capital Markets Authority ("CMA") in Saudi Arabia have been active in educating listed companies and investors with respect to their respective corporate governance requirements. The crucial next step will be in the outcome of ongoing monitoring of compliance by regulators as listed companies start to publish annual compliance statements.

The Regulators have a key role to play in terms of enforcing compliance with regulatory requirements whether through education or remedial action. Regulatory action needs to be taken (and seen to be taken) in the event of non-compliance in order to ensure that lessons can be learnt by all listed companies and examples of good

and bad governance are reinforced. Investors also have an important role to play in holding boards to account for poor governance.

We have all seen in the recent case of Damas, that the lack of a proper corporate governance framework, that is operating effectively, can have a catastrophic effect on how a company is run and therefore ultimately on its value.

With Damas we saw the Dubai Financial Services Authority ("DFSA") take regulatory action as a result of the failures highlighted in their report, however this case still raises questions as to whether more should be done on the regulatory side, to monitor companies on an ongoing basis or ensure a compliant governance framework is actually operating at the point of listing.

With new listings, both lead advisors and regulators have a role to play to ensure that at the point of listing, new entrants to the market are fully compliant with governance requirements and ready to meet the challenges that being a public company brings – systems need to be up and running and boards and board sub-committees need to be in place and fully functioning.

Good corporate governance is about being a well run company. Investors like well run companies as they tend to have a lower risk and fewer surprises.

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We find that companies in the region still tend to view corporate governance as a compliance exercise, something that they have to demonstrate in order to meet a regulatory requirement – rather than consider the benefits that good governance can bring to the business more broadly.

Companies actually have to “live the system” and put everything into practice for a corporate governance system to be truly effective. Its not enough to just have the right documentation, controls and processes in place - they must be operated by suitably experienced people, who are incentivised in the right way and are supported by – and themselves supporting – a strong governance culture.

Board directors need to be engaged in the process, independent non-executive directors of the right caliber and experience, with adequate time to devote to the company, need to bring constructive challenge to the executive management team and board subcommittees need to live up to their mandate and responsibilities.

Effective Board Operation

In practice an effective board controls the business but delegates day to day responsibility to the executive management. The UK Combined Code on Corporate Governance quite neatly explains the board’s responsibility for leading a company:

“Every company should be headed by an effective board which is collectively responsible for the long-term success of the company. The board’s role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The board should set the company’s strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The board should set the company’s values and standards and ensure that its obligations to its shareholders and others are understood and met.”

There are many facets that contribute to an effective board. To be truly effective the board must meet regularly to consider both long term strategic issues and shorter term performance issues. Agenda items need to be accompanied by supporting papers that are sufficiently detailed to be

informative and need to be received in sufficient time to be considered. High attendance by all board members should be expected for an effective meeting to be held. The Chairman has a key role in facilitating effective contributions from non-executive directors and keeping the discussions focused.

One of the key areas for the board is in managing risk effectively which includes strategic, operational, compliance and financial risk. Successful companies manage the risks that threaten the achievement of their objectives and so risk management is embedded in the board's decision making process. An effective board performs a proactive role in monitoring, identifying and reacting to the ever changing risks that the company faces.

To help the board in its many responsibilities it is important that the board has subcommittees in place. Whilst overall responsibility still rests with the board, it is appropriate to delegate tasks to an audit committee or other board committees with the results of those committees being reported back to and considered by the board. The activities associated with oversight of financial reporting and controls are extensive and therefore it's essential that an audit committee

has the necessary time, financial, business and governance expertise to fulfill its remit effectively and relieve pressure on the board.

Generally, companies with good governance tend to perform better than companies without. With the relevant regulatory framework in place, companies and their boards need to recognize the value that being a well run company brings and embrace "living the system" - embedding governance within their organizations and moving away from a box ticking approach.

Summary

There is clear evidence that the corporate governance culture in the Middle East is moving in the right direction and regulators are establishing compliance systems that will help governance to continually evolve and ultimately improve.

However, key to ensuring that governance will be embedded across organizations is recognition that regulators have an enforcement role to play and that each and every organization has its own role to play.

A move from viewing corporate governance as a compliance exercise to a culture of embracing corporate

governance for the tangible benefits it can bring to a business will be an important pre-requisite change in mindset for regional businesses and boards to consider and adapt to.

As this change process gains momentum and we see boards embracing the change culture we believe they will begin to reap the benefits of an effective governance system, some of the key components of which, we have highlighted in this article.

The authors are PricewaterhouseCoopers leaders in providing governance advisory services and can be contacted at www.pwc.me.com



Abdulrahman Al-Moraisel is Vice President of Al Osais Holding Company

Corporate Governance in a Family Owned Company

Every corporate board develops its own unique chemistry based on factors as core values, leadership style, company history, and changing global business environment. The recent global financial crisis has been seen by many as a massive failure of risk management and governance on the part of banks, financial institutions, regulators and governments. Many suspect these deficiencies are also prevalent in the private sectors in most of the major economies. This rapidly changing environment has forced us to focus our minds on full implementation of corporate governance, risk management, prospect of internal controls and compliance. When we talk about corporate governance in a family owned company we are actually talking about need to have clear policies for the selection of the right members to join board of directors on the basis of their contribution and hard work and not mere for enjoying the privileges and material gain of the position.

Risk Management

Risk management in our group is a continuous process of analyzing and managing all the opportunities, threats, and risks faced by the company to achieve its goals and to ensure the company remains growing. The Board of Directors decides and

gives guidelines for achieving their set strategic goals and for mitigating and managing all their risks. The risk management function is part of recently established Internal Audit Department, which will report to the Audit Committee. It reviews the business risk profile, co-operates with the businesses in the implementation of risk mitigation work and provide continuous assistance and support to top management and line managers in recommending, developing, implementing and monitoring controls.

Audit Committee

We have laid down master plan for setting up Audit Committee of our Board of Directors to play the crucial role of oversight over financial statements, assessing the adequacy of internal control system, implementation of internal audit recommendations and preparing the risk management policy for effective risk management framework.

Family Governance

Being a family owned group we are currently in the process of creating our Share Holders Governance policy to promote accountability, transparency, fairness and responsibility in line with our core values. Increasing growth and globalization have brought many

challenges for family businesses. We can tackle these challenges by adopting sound Family Corporate Governance System.

Through these measures we have made some progress on good governance, but have much ground to cover to make our board truly effective, to make various board committees operational, and build strong systems of checks and balances in all functional areas. The mere enhancement of financial capital is not the objective; rather, it is the long-term preservation and continuous growth of all assets through good governance, creating a lasting, multi-generational organization for our upcoming future generations. Through this forum i can suggest that the Saudi Capital Market Authority can form small groups based on members of Capital Market Authority, Board of Directors of family businesses which are running business successfully after transfer from their previous generations and members from major financial institutions / banks. These groups visit different family businesses and exchange their valuable experience, knowledge and views for better understanding the inside out of the business. These constant visits will not only help in evaluating the factual fair value of shares of these businesses once they

decided to go for IPO but also provide a chance to the financial institutions and banks to review the controls and evaluating the effectiveness and adequacy of the company's system of financial and operating controls.

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