

Hawkamah and INSOL in cooperation to advance Corporate Governance and Insolvency Structures

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PRESS RELEASE

Hawkamah Institute for Corporate Governance ('Hawkamah'), a subsidiary of the Dubai International Financial Centre Authority, has today signed a Memorandum of Understanding (MoU) with INSOL International ('INSOL') to promote improvements to insolvency systems and good corporate governance practices in the MENA region.

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INSOL is a leading global organisation specialising in international insolvency, restructuring, turnaround and related issues. INSOL assists in a collaborative manner in the development of insolvency policies, international codes and best practice guidelines with Governments, non governmental organizations and intergovernmental advisory groups on such matters. It also provides education and undertakes extensive research on topics relating to international and comparative turnaround and insolvency issues.

This collaboration is an important step for markets across the Middle East, bringing as it does greater access to and understanding of insolvency research, legislation and guidelines. The exchange of information and ideas between the two entities are aimed at encouraging greater international communication and cooperation amongst the insolvency profession, credit community and business.

Hawkamah and INSOL aim to jointly identify and prepare proposals for suitable projects that may be undertaken to assist in the development sound insolvency systems and good corporate governance practices across the MENA region.

By capitalising on each other's strengths, the two organisations will be able to advance their common objectives of encouraging modern and predicible legislative frameworks which offer market participants effective and appropriate restructuring and insolvency regimes.

Dr. Nasser Saidi, Executive Director of Hawkamah, said:

"International experience shows that insolvency and corporate governance systems are inter-linked and their simultaneous and continued development is essential in ensuring long term sustainable financial and corporate sector reforms and sound and efficient banking and financial markets. Hawkamah and INSOL are committed to these reforms and the growth of local markets. This is the perfect opportunity for us to work together for the countries in the MENA region that can benefit immensely by adopting good insolvency systems."

Sumant Batra, Board Director of INSOL, commented:

"Whilst INSOL has access to valuable technical knowledge, know-how and resource in the insolvency sector and related areas, Hawkamah has an in-depth understanding of the financial and corporate landscape of the MENA region. Consequently, this partnership will allow us to exchange information and knowledge, enabling us to learn from each others experience and expertise."

Hawkamah is an autonomous, regional entity whose mission is to assist countries and companies of the wider MENA region in developing sound and globally well-integrated corporate governance frameworks and practices.

An insolvency law is generally viewed as a mechanism that allows financially distressed but viable business to rehabilitate and unviable enterprise to be liquidated. An efficient and effective insolvency system plays an essential part of the overall national and international financial architecture. It is needed to encourage enterprise, underpin investment and economic growth and create wealth. For the developing countries in particular an effective insolvency system is vital to stability in commercial relationships and financial systems, advance important social objectives of maintaining public confidence in the corporate and financial sectors and promote sustainable growth in the private sector. A good insolvency system promotes responsible corporate behaviour by encouraging higher standards of corporate governance, including financial discipline to avoid consequences of insolvency/enforcement.

It will allow companies in genuine difficulty to revive and where such revival is not possible, to liquidate the company in a quick and efficient manner so that returns of all stakeholders are maximised. In the fast globalising economic system, it is inevitable that the MENA countries eager to provide sound business environment for their national industry to grow and attract foreign investment pay adequate attention to the development of insolvency laws.

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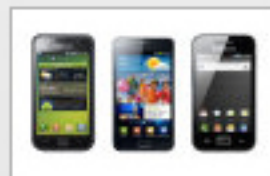
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Left to right: Sumant Batra, Board Director of INSOL and Dr. Nasser Saidi, Executive Director of Hawkamah.

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