



NewsWatch

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The first and only Bank Governance data provider for comprehensive benchmarking and comparative analysis. Improving governance decisions for compliance with best practice and meeting supervisory expectations.



ABOUT THE NEWSWATCH

Objective

We gather current corporate governance news related to banks to assist our clients in staying up to date on current topics and trends in Corporate Governance. This is essential for the content of our database, reports and publications. We follow the banks in our database closely to keep informed about any corporate governance changes they may go through in order to give our clients the most relevant and useful information possible.

Area coverage

- Europe
- Oceania
- North America
- Central and South America
- Russia
- Japan
- China
- South East Asia
- India
- MENA
- Central and South Africa

Scope

- Our primary focus is on corporate governance news related to banks
- We may also include major news events concerning leading banks
- If there are no relevant news related to bank governance from a region, major corporate governance news related to leading companies in other industries may be included

□ International

The financial crisis, Lehman Brothers' collapse and the lessons

<https://www.arabianbusiness.com/banking-finance/404792-lehmans-legacy-ten-years-on-have-the-lessons-been-learned>

- In the US, several of the regulations imposed after the crisis, including some of the Dodd- Frank provisions are being rolled back.
- Victor Li, professor of economics at the Villanova School of Business points to the revolving door between wall street and Washington DC as a cause of the increased sentiment towards deregulation.
- However, banks are significantly better capitalised now than before the crisis. Effective monitoring of these capital control requirements is essential.
- This in turn emphasises the importance of adequate auditing practices.

□ Europe

Danske Bank Chief Executive resigns over money laundering scandal

<https://www.reuters.com/article/us-danske-bank-moneylaundering/danske-bank-ceo-quits-over-234-billion-money-laundering-scandal-idUSKCN1LZ0QX>

- The scandal stems from payments between 2007 and 2015.
- It is the largest money laundering scandal in European history.
- Investors are now concerned, waiting to see whether the US will punish the bank.

Weaknesses in Credit Suisse's anti money laundering due diligence

<https://www.finma.ch/en/news/2018/09/20180917-mm-gwg-cs/>

- FINMA, the Swiss Financial Market Supervisory Authority has found Credit Suisse's procedures regarding anti-money laundering and "significant business relationship for the bank with a potentially exposed person" inadequate.
- The money laundering procedure involves the International Federation of Association Football FIFA and two oil corporations, one in Venezuela (Petróleos de Venezuela, S.A.) and the other in Brazil (Petrobras).
- Credit Suisse will have to improve their anti- money laundering processes as announced by FINMA.

Santander to appoint a new CEO

<https://www.ft.com/content/ae3d9368-c0d6-11e8-8d55-54197280d3f7>

- Andrea Orcel, former investment banking head at UBS, replaced José Antonio Alvarez as the CEO of the Madrid-based group, Banco Santander.
- The Executive Chairwoman, Ana Botin, has been in charge of setting the bank's strategy, while the CEO role was mostly administrative.
- Orcel's appointment is set to change this, and to expand the bank's operations in countries such as the US, where the returns are currently low.

▣ North America

California has introduced a female quota on company boards

<https://www.ft.com/content/14d3aea0-ac82-11e8-94bd-cba20d67390c>

- A bill has been passed by the California legislature necessitating at least one woman on every public company board by next year, and two women for every board of five members, and three for boards of six by 2021.
- The percentage of women on public company boards has increased steadily in the US but remains far from equal with men.
- In the second quarter of 2018, only 39 companies in the Russell 3000 had boards with an equal representation of men and women.
- Although this is the first government - mandated quota for women on company boards in the US, European countries including Norway, Iceland, Finland and Sweden all have government - mandated quotas for the number of women on boards. On an international scale, Norway leads for female corporate directors on the board.

High pay and lack of transparency at asset management businesses

<https://www.ft.com/content/31465e0a-b67a-11e8-b3ef-799c8613f4a1>

- Asset management companies show a lack of transparency regarding the remuneration of their top staff.
- This might mean that they will not oppose excessive pay awards at companies where they hold a large stake.
- Mario Gabelli is the majority owner of Gamco, a New York investment manager.
- Gabelli's pay amounted to USD 69.4 million in 2017. Also, Blackrock's CEO, Larry Fink, was awarded a USD 28 million pay the same year.
- The biggest investment managers voted in favour of more than 90% of pay proposals in 2017.

 Asia

India's private sector bank, Yes Bank, experienced a 34% decline in shares after the Reserve Bank of India (RBI) ordered the CEO to resign

<https://www.ft.com/content/c71aae9c-bd53-11e8-94b2-17176fbf93f5>

- The decision was made after the RBI realised that Yes Bank had under-reported its bad loans by a total of Rs104.7bn in the financial years of 2016 and 2017.
- In October 2017, the bank was fined Rs60m for breaching standards on bad loan recognition.
- The board of Yes Bank has proposed an extension of the CEO's term to August 2021.

London Stock Exchange and Shanghai Stock Exchange aim to link up

<https://www.ft.com/content/562e8214-c143-11e8-8d55-54197280d3f7>

- China's largest brokerages, Huatai Securities, will be the first company to sell GDRs (global depositary receipts) through the link between LSE and SSE. The company will offer in London 825 million shares that already trade in Shanghai.
- This link would grant global investors access to Chinese shares through LSE.
- At the same time, securities listed on the LSE could be issued and offered in China.
- Initially, the number of shares traded via the LSE and SSE link will be limited.

Japanese bank, Suruga Bank's top executives resign after "extreme failures of compliance" and weak corporate governance

<https://www.ft.com/content/5cdfb144-b286-11e8-8d14-6f049d06439c>

- Suruga bank faces 76% fall in shares after a string of scandals.
- Five of the top bank executives stepped down to take responsibility (including the president Akihiro Yoneyama and the chairman - grandson of the bank's Founder).
- Analysts warn that this could put the entire banking sector at risk.

□ Oceania

Australian Securities and Investments Commission sues Australia and New Zealand Banking Group (ANZ)

<https://www.reuters.com/article/us-anz-bank-lawsuit/australia-watchdog-files-civil-suit-against-anz-over-2015-share-issue-idUSKCN1LU0OV>

- The Australian watchdog claims that the market was deprived of essential information as ANZ failed to inform investors about the fact that its underwriter had bought a substantial part of the A\$2.5 bn shares it was selling.
- ANZ on the other hand hold that they have acted “in accordance with its ASX disclosure obligations.”
- Regulators are under pressure to show credibility and to demonstrate that they have power in the finance sector, after having received criticism that they are not strict enough.



Increased interest in sustainable investments by UAE investors

<https://www.arabianbusiness.com/banking-finance/404730-uae-investors-flock-towards-sustainable-investing-report-shows>

- A report conducted by UBS states that UAE have one of the highest rates of adaption of sustainable investing.
- Their rate is 53 percent compared to the global average at 39 percent.
- 83 percent of investors in the UAE believes the returns on sustainable investments will match or surpass traditional investments.
- 92 percent stated that they see it as their responsibility to give back to society.

Promoting corporate governance practices for micro, small and medium enterprises (MSMEs) across the Gulf region

https://www.zawya.com/mena/en/story/The_Dubai_Business_Women_Council_and_the_Pearl_Initiative_host_a_n_event_with_the_aim_of_enhancing_MSME_competitiveness-ZAWYA20180829134923/

- The Dubai Business Women Council and the Pearl Initiative, a non- profit organisation promoting accountability and transparency in the Gulf region, held a roundtable discussing corporate governance for smaller companies.
- The aim was to encourage companies to implement and follow best practices.
- Corporate governance practices can help MSMEs companies overcoming typical challenges facing them such as “difficulties finding funding, overreliance on certain individuals, difficulties retaining talented staff and the lack of time needed to focus on critical business matters.”



ABOUT **AKTIS**

Aktis is the first and only bank governance data platform. The Aktis data universe provides accurate and trustworthy insight to levels previously unavailable for corporate governance. Aktis is rapidly expanding beyond the banking sector to bring high quality data and valuable insight to all businesses in all sectors.

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 www.aktisintel.com
 info@aktisintel.com
 +44 20 37 510 513