

Audit Alert: IOSCO reports on framework to strengthen corporate

The International Organization of Securities Commissions (IOSCO) published "[Report on Corporate Governance: Final Report.](#)" detailing the results of the work performed by the Corporate Governance Task Force established by IOSCO's Growth and Emerging Markets Committee. The task force conducted a comprehensive survey on corporate governance practices in emerging markets and identified possible regulatory approaches to strengthen corporate governance in emerging market jurisdictions and align such frameworks with internationally recognized standards.

The report focuses on three areas: board composition and responsibility, remuneration and incentive structures, and risk management and internal controls. It identifies common concerns and challenges within emerging markets, including:

- abusive related-party transactions
- failures to disclose material information
- corruption scandals and undue political interference in state-owned enterprises.

The report also identifies approaches for implementing best corporate governance practices and avoiding the concerns noted above, including:

- selection of a board of directors that is independent, qualified, and accountable and that has clear responsibilities and priorities
- development of a transparent and appropriate remuneration structure

- Use of effective internal controls and risk management policies.



Source: Grant Thornton, *On the Horizon*, October 13, 2016

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