

The Role of Corporate Governance Principles in Raising the Efficiency of Arab Stock Exchanges

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I. INTRODUCTION

Highlight the nineties of the twentieth century, quick and violent developments hit the structure of the world economy, it has emerged the effects of globalization of financial markets, and financial markets collapsed in Southeast Asia and Latin America, and accelerated privatization process and the transition to a market economy. These developments prompted the International Monetary Fund and the World Bank to participate with the Economic Cooperation and Development (OECD) to the formulation of "corporate governance principles" PRINCIPLES OF CORPORATE GOVERNANCE and study their effectiveness to both developed and emerging markets alike.

In general, corporate governance means the set of rules, regulations and procedures that achieve better protection and a balance between the interests of the company's managers and shareholders as well as other stakeholders associated. These rules include matters relating to corporate law and securities laws, rules and registration in the stock exchange, and accounting standards applicable to the listed companies, and competition laws, and the laws of bankruptcy and others. And it can be referred to some of the actions that led to the improved application of the rules of corporate governance, including the registration and disclosure rules of the new version, which introduced new standards for registration include profitability and the number of shareholders and a minimum capital consistent with international standards. Also developed disclosure rules and ordered companies configure audit committees, and appoint responsible for relations with investors, and the establishment of the Settlement Guarantee Fund, and allow the registered owner to vote on behalf of the beneficial owner and according to his instructions, and allow the introduction of the voting system and normal e-mail.

II. RESEARCH TOPIC

Display and analysis of the corporate governance and how to lead the application of the rules of corporate governance to raise the efficiency of Arab stock exchanges. Although it does not have a single model of corporate governance, but the principles that have Besiagnha Organization for Economic Cooperation and Development is the basis for good corporate governance.

The importance of research: that the evolution witnessed in the economy and the stock market, in particular, in recent years indicates that qualify for occupies an advanced place within the emerging financial markets, and here it becomes the completion of the legal and institutional framework for

corporate governance, the need to raise the efficiency of Arab Stock Exchanges.

Corporate governance is only part of a whole more comprehensive in its scope companies operate, and includes, for example, macroeconomic policies and the degree of competition, and the establishment of corporate social responsibility.

III. RESEARCH PROBLEM

On how to apply good corporate governance, leading to raising the efficiency of the economy at both the macro and micro: At the macro-level economic policy aims to increase national savings rates and attract foreign direct investment and indirect, but the lack of transparency and accountability contributes significantly to weakening the ability of these companies to attract Alastmar foreign. Hence the application of the rules of corporate governance becomes a declaration of the availability of a favorable investment climate and reassure foreign investors that they will find similar standards for international rules for corporate governance to those prevailing in other countries. At the micro level, companies are seeking to get more capital and greater liquidity, is that most of the closed companies controlled by a relatively small number of shareholders, or families, working at a lower level of disclosure and transparency, so it is difficult to raise their competitiveness and access to resources financial interest of investors and other interested parties.

The concept of governance:

Corporate Governance Corporate Governance is relatively new in the economic and financial literature the term, but the content is old and due to the nineteenth century, where he addressed the literature relating to the economics of the project equity and rules legal, accounting, financial and economic arrangements that the company's management control in the performance of their work.

In the year 1932 intake Berle & Means separation of ownership from management, corporate governance and aims to bridge the gap that can occur between the managers and owners of the company as a result of the negative practices that could be harmful to the company and industry mechanisms.

It does not have the concept of governance conclusively defined Mosque blocker Logicians he says, may be considered to governance in economic terms as a mechanism by which the company's help in obtaining funding and guarantees to maximize the value of the company's shares and continuity in the long term. Consideration could be given to governance in political terms as an indicator of the democratic administration and participate in the formulation of good policy. Consideration could be given to governance in legal terms as referring to the nature of the contractual relationship,

which defines the rights and obligations of shareholders and other stakeholders on the one hand and managers on the other hand, as can be seen to the governance of social and moral point been focused on corporate social responsibility in protecting the rights of the minority or small investors and achieve equitable economic development and environmental protection.

We will follow in the drafting of this study reached by the Economic Cooperation and Development (OECD) to define corporate governance as a system through which direct and manage the business. And it determines the governance of rights and responsibilities among the various company's activities, such as the board, managers, shareholders and other stakeholders related party structure, as it determines the rules and procedures for making decisions about the affairs of the company, as well as determine the structure through which the company's objectives and the means to achieve them and means of control over the performance mode.

International principles or local corporate governance is not binding, and aims to provide prescriptions to national legislation, but rather seeks to identify targets and to propose a variety of means to achieve them. Their purpose is to be a reference point can policymakers use when they test and develop legal and regulatory frameworks for corporate governance, which reflect the economic, social, legal and cultural circumstances, it can also market participants use when they develop their practices. And principles advanced in nature and should be reviewed in light of significant changes in circumstances. In order companies maintain their competitiveness in the market, it must act to meet the new demands and capture new opportunities and, similarly, the Governments have the responsibility important in the formation of an effective regulatory framework that provides sufficient flexibility to allow markets to operate effectively, and to respond to the expectations of shareholders and other stakeholders. Governments and market participants to decide how the apply its principles in the development of their corporate governance frameworks, others consider the cost and benefits of regulation.

The goals of the international rules of corporate governance: The main objective of corporate governance is to achieve justice and transparency and the right of accountability allowing any interested party management review, and is achieved by ensuring the existence of administrative structures can be with the company's management accountable to shareholders, and to ensure the financial performance review and proper use of company funds and the extent of compliance with the law, while ensuring the existence of an independent external oversight managers and accountants down to the financial statements closing on the basis of high-quality accounting principles and result in the achievement of other objectives is to protect the shareholders in general, whether a minority or a majority and maximize Aaidhm, and prevent trading power in the company, taking into account the interests of the community and workers, and to encourage domestic and foreign investment.

The importance of corporate governance rules in emerging financial markets:

Several international studies confirm that there is closely linked to the level of emerging markets between the performance of stocks in terms of price trends and levels of return and the commitment of companies applying the standards and principles related to the concept of governance

to ensure the success of corporate governance to maintain shareholders' equity and development.

Became the degree of commitment of companies applying corporate governance principles A basic standards set by the investors in mind when you do take investment decisions, especially in light of economic globalization and the intensification of competition between various companies and institutions to enter the capital markets, whether local or global in order to invest, and then the companies that apply the principles of governance a competitive advantage to attract capital for those that do not apply these principles, and increase their competitiveness in the long run through that enjoyed by these companies of transparency in transactions and in financial accounting and auditing procedures and in all the company's operations in support of confidence on the part of investors, both local or international to invest in these companies, and can cause it to reduce the cost of capital, and may result in the end to achieve a more stable funding sources. The application of the principles of corporate governance leads to improve the company's management and help managers and board of directors to develop a sound strategy for the company and ensure that the merger or acquisition decisions based on sound foundations, is also determined bonuses based on performance, which helps to improve the efficiency of the company's performance. And the success of the privatization program is linked to the extent of the application of the principles of governance, which strengthens public confidence in the health of the privatization process, which requires a good administrative rules, helping to ensure the best return on investment of the state, and this in turn will lead to more employment and economic development opportunities.

The lack of different institutions and good governance to the rules would allow for the occurrence of corruption in these institutions by the members, whether they are inside of the board of directors or managers or employees of the institution or the looting of public money at the expense of shareholders, creditors and other stakeholders. In a globalized economy becomes institutions and countries where the practice weakens governance methods are more prone to severe consequences far outweigh the mere scandals and financial crises.

Good application of corporate governance stopped on the availability and quality of two sets of external and internal determinants determinants. Foreign determinants: the overall investment climate in the state, which includes, for example, the laws governing the work of the market, such as the capital market laws, companies, organization of competition and prevent monopolistic practices, bankruptcy, and efficiency of the financial sector banks and the capital market in the provision of funding for projects, competitive and degree of market of goods and factors of production, and efficient devices and regulatory bodies such as the Almaluad market Authority will hold administrative proceedings. Interior determinants: determine how decision-making and distribution of powers within the company between the General Assembly and the Board of Directors and executives. Which leads availability of hand, and applied on the other hand, to reduce the conflict between the interests of these three parties

The most important institutions of the Organization of the work of the stock market:

General Authority for Capital Market and Securities is one of the most important institutions, which monitors the application of the rules of corporate governance. So the stock market develops for companies listing rules, in order to differentiate between listed companies that are committed to the practices and rules of corporate governance and other companies that do not abide by this, and this is what you do for many bourses such as the German stock market, the Kuala Lumpur Stock Exchange, and the Mexican stock exchange.

The provisions of the listing and trading of securities and their compatibility with corporate governance:

The stock market is responsible for compliance with the rules constraint control, but it does not have the powers of the work of investigation and research, and may Stock Exchange to impose sanctions ranging from a moving company from the formal table to table the informal to the trading halt or Delisting Members according to the nature and type of offense. The legislator has given the flexibility and speed in decision-making for each of the head of the stock exchange and the Chairman of the Capital Market Authority and Minister of Economy, after the process of trading systems in the stock market with a high degree by specialized companies on the exchange compartment, to prevent any fraud or exploitation, deceit, and give greater protection to customers in the stock market and investors, so that brings confidence and safety factor, which is one of the most important conditions necessary to attract savings to invest in the stock market. This is evident in the issuance of capital market No. 95 Act 1992 contains general provisions for the trading of securities on the stock market as follows: (a) the prohibition law the trading of securities listed on any stock exchange outside only trading occurred void, and it is obligatory announcement in the stock market for securities trading operations unrestricted, and so according to the rules established by a decision of the Council organized by the General Authority for investment management.

B-law enjoined to have to deal in securities listed by the stock exchange one of the brokerage firms licensed to do so and only signed a deal null and void, the company guarantees the safety of the process that are denominated.

(C) passed a law a decision by the head of the stock exchange to halt offers trading and requests aimed at price manipulation, and the abolition of the processes that are held in violation of the provisions of the laws, regulations and decisions issued in implementation thereof or which are at a price not justified, and empowered him to stop trading on the securities, if it would continue to deal with damage to the market or the dealers, as the law gave the President of the capital market Authority has the right to take the same action in a timely manner.

(D) passed the law to the President of the Capital Market Authority if undergone serious conditions may decide to set an upper limit and a minimum price of the stock at the close on the previous day on the resolution, and impose these prices on contractors in all stock exchanges and enjoined the President of the Commission to inform the decision immediately taken to the Minister economy and Foreign trade, the law gave the minister the right to stop the execution and shows the way set prices and control the business on the stock market.

E-law enjoined the establishment of a special fund to be his personal moral to secure customers from non-commercial

risks arising from operating activities in the field of securities companies.

And must be on companies that offer its shares on the Egyptian stock exchange to provide the prospectus for the Capital Market Authority for review and approval and to make sure the company's requirements commitment, the company may, once the application is accepted, publication and distribution of underwriting its own prospectus, operating in Egypt corporate credit rating approved by the Capital Market Authority. You must publish a summary of the prospectus in the two daily newspapers in Arabic Sbahitin mentions two Where can I get a prospectus. Capital Market No. 95 of 1992 law stipulated in Article 16 that is under the securities in the stock market tables at the request of the issuer and are under the sheet and written off by a decision of the Stock Exchange in the two types of tables:

1) official tables: restrict their shares public offering and bond companies and instruments of financing and securities offered by the contributing firms recommend companies shares in a public offering subject to two conditions: (a) not be less than what arises from the nominal shares for public subscription of 30% of the total shares of the company.

(B) the number of subscribers shall not be less in the offered shares for one hundred and fifty even if they are non-Egyptians.

Also credited in the official tables of securities issued by the state and put to the public, and the stock and other securities of public sector companies and public sector companies

2) Tables informal: restrict their stocks and other securities in which the restriction conditions are not available in the official tables as well as foreign securities.

CONCLUSION

We dealt with in this study, view and analyze the role of corporate governance principles in raising the efficiency of Arab stock exchanges, so we introduced the importance of international rules for corporate governance in raising the efficiency of the performance of stock markets, then we conducted an assessment of descriptive when reached by the application of the principles of corporate governance, which includes six sets of rules of corporate governance, then we dealt with the analysis of the impact of the application of corporate governance in the development of stock markets.

But the success of the principles of corporate governance in achieving its objectives not only stands when issued, but it depends on the seriousness of the application and enforceability of its effects and foster a culture of governance, which can not be achieved unless believes organizers of the companies and financial institutions, professional associations, auditors and shareholders usefulness of these rules and their impact positive management the activities of companies and the capital market as a whole as well as their legitimate interests.

Undeniably any researcher that there is a remarkable progress in the application of the principles of corporate rules, but there are some principles that need further care in the application of other principles need to be more control over its implementation. We will ask some of the proposals may

have merit to take the way to the application. It will Nsrdfa depending on the groups of the six principles of governance.

IV. REFERENCES

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