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## Market would grow with more rights for shareholders, say experts. <sup>1</sup>

*Clara Zepeda*  
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*“There is space to improve corporate governance practices in Mexican companies.”*

The minority investor, one that by its shareholding does not exercise control or power in the decision-making of the company, but that has equity in it, is fighting for its rights in the Mexican stock market.

*Rodolfo Ramos*  
*VP, Franklin Templeton*

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In an interview, Mike Lubrano, Managing Director for Corporate Governance and Sustainability at Cartica, and Rodolfo Ramos, Vice President and Investment Analyst at Franklin Templeton Investments, stated that there are two petitions before the Mexican financial authorities to improve corporate governance practices that will serve to attract greater capital to Mexico, not only from domestic investors, but also foreign capital.

The first request, which would provide greater certainty and security to minority investors, is to extend the period for advance notice of shareholders meetings to at least 30 days, from the current 15.

Mike Lubrano explained that this would give institutional investors the ability to vote their shares, adding value to the shares.

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### 30 Days

*Specialists demand as the notice period for shareholder meetings; today it is 15.*

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Separately, Ramos explained that this is particularly important, above all for international investors, who have internal legal and consulting processes that can require more time.

“This results sometimes in the shares not getting voted”, stated Ramos.

The second petition, said Lubrano, has to do with eliminating from company charters the requirement of Board approval to acquire ten percent of the share capital, as this is critical for the healthy development of the market. These charter provisions

prevent minority shareholders from exercising their right to name a Board director.

“Franklin Templeton has been investing in Mexico since the 1980s. Our experience as a minority investor has been generally positive over the years, but we see that there is space to improve corporate governance practices in Mexican companies. It is in the interests of all market participants to elevate these standards to those of the most advanced markets and thereby continue attracting local and international capital to Mexico”, asserted Ramos.

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<sup>1</sup> Zepeda, Clara. “Mercado Crecería Con Más Derechos Para Accionistas, Dicen Expertos [Market Would Grow with More Rights for Shareholders, Say Experts].” *El Financiero*, 25 Aug. 2017, p. 23. Translated, Mike Lubrano and Karin Riechenberg. August 28, 2017.



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