



INTERNATIONAL ASSOCIATION OF INSOLVENCY REGULATORS

ANNUAL REPORT 2008

Dr Luis Meján, IFECOM Mexico and IAIR Chairman

1 I am delighted to submit this report on the operations and activities of the International Association of Insolvency Regulators (IAIR) for 2008.

2 The report covers:

- Annual General Meeting and Conference 2008
- Membership and Executive Committee
- Achievement of Objectives
- Financial Position and Executive Support

3. Annual General Meeting and Conference 2008

3.1 The IAIR Annual General Meeting and Conference 2008 was held in St Petersburg, Russian Federation, on 23-25 June 2007. A reception function was hosted on the evening of 22 June, allowing delegates to renew acquaintances with old colleagues and meet new people. The Conference was attended by 52 delegates from 27 member and observer organisations, including four Commonwealth of Independent State (CIS) countries, together with the World Bank, the Organisation for Economic Co-operation and Development and the European Bank for Reconstruction and Development.

3.2 The Conference was opened with a keynote address delivered by Mr Ivan Oskolkov, Head of Corporate Governance Department, Ministry of Economic Development of the Russian Federation. The formal Annual General Meeting business covered the Record of the IAIR Bangkok 2007 meeting and Conference which was approved; the Annual Report 2007 and the Financial Report 2007, which were noted and endorsed; a report by the website manager Rainer Gross on the IAIR website, its features and usage, which was noted; and the annual membership fee for 2009, which was approved at US\$1,000.

3.3 Peter Joyce stood down as Executive Director at the conclusion of the meeting and in accordance with arrangements approved at the IAIR 2007 Bangkok meeting, Terry Gallagher, previously Chief Executive of the Insolvency and Trustee Service Australia, replaced him. .

3.4 The Conference, as usual, covered a wide range of issues – the work of Uncitral, the World Bank and the OECD on insolvency; developments in insolvency law and practice in the Russian Federation and other CIS countries; insolvency of financial and insurance institutions; IAIR Workshops; reports on projects commissioned at IAIR Bangkok 2007 and proposals for future studies; and country reports. Alongside what was a demanding program, our hosts, the Ministry for Economic Development of the Russian Federation, provided three hugely enjoyed and very sociable events in the evenings – and to them, our considerable thanks. One of these events was a dinner, held at the very beautiful Art Cabaret Frigate Blagodat restaurant, held in honour of Peter Joyce and his wife Marian, in recognition of their 14 year association with IAIR, during which time Peter was its first Chairman and then its first Executive Director.



4. Membership and Executive Committee

4.1 Membership at 31 December 2008 comprised 26 government departments, agencies and public authorities:

- Australian Securities & Investments Commission;
- Insolvency & Trustee Service Australia;
- Financial Services Commission, British Virgin Islands;
- Office of the Superintendent of Bankruptcy, Canada;
- Ministry of Commerce, People's Republic of China;
- Ministry of Justice, Czech Republic;
- Bankruptcy Ombudsman's Office, Finland;
- Official Receiver, Hong Kong;
- Ministry of Company Affairs, India;
- Office of the Director of Corporate Enforcement, Ireland;
- Viscount's Department, Jersey;
- State Insolvency Administration Agency, Latvia;
- Department of Insolvency, Malaysia;
- Instituto Federal de Especialistas de Concursos Mercantiles, Mexico;
- Insolvency & Trustee Service, New Zealand;
- National Institute for the Defense of Competition & Protection of Intellectual Property, Peru;
- National Trade Register office Ministry of Justice Romania;
- Ministry of Economic Development of the Russian Federation;
- Bankruptcy Supervision Agency, Serbia;
- Insolvency & Public Trustee's Office, Singapore
- Masters of the High Court, South Africa;
- Legal Execution Department, Ministry of Justice, Thailand;
- Insolvency Service, England & Wales;
- Insolvency Service, Northern Ireland;
- Accountant in Bankruptcy, Scotland; and
- Administrative Office of the United States Court (Bankruptcy).

4.2 We were delighted to welcome Romania as a new member in 2007.

4.3 Government officials from non-member organisations are invited to attend Conferences and Workshops, providing an opportunity for them to see at first hand, and contribute to, the IAIR's activities: it also provides members with a wider perspective of developments in other jurisdictions. Currently observer status has been extended to some twenty eight jurisdictions.

4.4 A new Executive Committee was appointed for the next two years: Office of the Superintendent of Bankruptcy **Canada**, Office of the Director of Corporate Enforcement, **Ireland**, Masters of the High Court **South Africa**, Ministry of Economic Development **Russian Federation**, Bankruptcy Supervision Agency **Serbia**, Official Receivers Office **Hong Kong SAR**, Ministry of Corporate Affairs **India**, Insolvency & Trustee Service **Australia**; with Lic Luis M C Méjan, Director General, Instituto Federal de Especialistas de Concursos Mercantiles **Mexico** as Chairman.

4.5 We decided to adopt, on a trial basis, regional groupings to assist the Executive Committee in supporting the Chairman, the Secretariat the Executive Director; to enable the Committee to better serve the Association and its members; provide the opportunity for members, through the Executive Committee, to be more active in the affairs of the



Association; and facilitate the business of the Annual Conference and Workshops. These regional groupings, and the Executive Committee members within those groupings, are set out in the Annexure to this report.

4.6 The Insolvency & Trustee Service Australia provides the Secretariat services and operates and manages the IAIR bank account.

5 Achievement of Objectives

5.1 The objectives of IAIR are:

- To promote liaison, cooperation and discussion amongst government insolvency regulators; and
- To be recognised as an international body with the knowledge and credibility to promote fair, effective and efficient systems for the administration of insolvencies.

5.2 The IAIR has been active in pursuing these objectives through a range of strategies and initiatives:

Conferences

Workshops

Website

Project Work

Work with Multinational Bodies

Bilateral Contact and Cooperation

5.3 Annual Conferences

The IAIR's Conferences, held in conjunction with the Annual General Meetings, are the principal forums through which liaison, cooperation and discussion are promoted. As noted above at para 3.4, the IAIR St Petersburg 2008 Conference covered a wide range of issues of relevance to members and others attending. The Record of the Meeting and Conference will be available for endorsement at IAIR Johannesburg 2009 where again the Agenda is driven by topics which are occupying regulators, including the treatment of secured creditors, the development of an insolvency profession and standards, challenges in establishing new regulation systems, the impact of the Global Financial Crisis. And following the practice of giving some emphasis to the development of insolvency systems in the region of the host country, we shall be looking specifically at South Africa and other countries on the African continent. .

5.4 Workshops

The IAIR has adopted a practice since 2004 of conducting Workshops to widen its reach, particularly in regions where it is not well represented. Workshops are usually scheduled to coincide with Insol or other international conferences; and are directed at governments which are not currently members but whose participation, and membership, should be of value to them and would be of interest to the IAIR. Workshops take the form of a one day discussion, with some members attending to share their experience with the IAIR and non-members being invited to speak about developments in their jurisdiction. Workshops have been held in Prague (2004), Bucharest (2006), Cape Town (2007) and Belgrade (2007). A Workshop is proposed for June 2009 in Vancouver as an ancillary event to the INSOL Congress. The IAIR has determined to keep this Workshop initiative under review and, as was the case at IAIR Bangkok 2007 and IAIR St Petersburg 2008, will feature again at IAIR Johannesburg 2009. We decided not to proceed with a Workshop planned for Shanghai in September 2008 alongside the INSOL regional conference due to insufficient registrations from non member countries.



5.5 Website

Our website www.insolvencyreg.org contains information about IAIR and how to join; current and recent activities; projects and publications; member profiles; links to member websites and other international bodies; and a members' only section. There are some 25,000 visits annually which attest to its usefulness and effectiveness, particularly as a strategy in achieving the IAIR's second objective: the publication there of its studies undoubtedly adds value to its content. The opportunity exists for more use to be made of the site, and it remains a challenge to keep information updated.

5.6 Project Work

The IAIR undertakes project work on topics of interest - usually limited to two a year in keeping with the capacity of the Association to handle them, and specifically the time available to the members who agree to lead and coordinate the work and those involved in providing material in relation to their own jurisdictions. Studies have been completed on Regulation of Phoenix Companies, No Asset Insolvencies, E-Filing, Student Loans, Recognition of Foreign Insolvency Proceedings, Overview of Insolvency, Consumer Debtors, Information Sharing, and Recognition of Foreign Sanctions. Progress reports on projects commissioned at IAIR 2008 St Petersburg dealing with Secured Creditors and the Development of an Insolvency Profession and Standards will be considered at IAIR 2009 Johannesburg, as will topics for future projects.

5.7 Work with Multinational Bodies

The IAIR has over a number of years worked with the World Bank in the development of principles and guidelines for establishing and implementing standards for, and the regulation of, insolvency practitioners. Discussions are ongoing as to how it might continue to support the work of the Bank.

The IAIR is also looking to work with INSOL on assistance to individual countries as they establish their systems, with particular emphasis on regulation, recognising the contribution IAIR's expertise in that area. In this context IAIR committed to a roundtable discussion in New Delhi during the year (the meeting was postponed to April 2009 and IAIR participated through its Executive Director and two member agencies, the Insolvency Service England and Wales and OSB Canada. IAIR is also looking to work with the Organisation for Economic Co-operation and Development in its work in relation to the Regional Network on Asian Insolvency Reform. IAIR, through its Chairman Mr Luis Mejia, has also participated in UNCITRAL Working Group V (Insolvency Law)

5.8 Bilateral Contact and Cooperation

The IAIR provides a valuable forum for establishing of one-to-one contacts and relationships, enabling members and non-members to obtain information or assistance from other members whether in the form of advice on particular aspects of another's system, assistance in the conduct of a particular administration, obtaining copies of documents or visits to discuss legislation or other developments. There are many examples of this occurring each year, which reflects well on the spirit of support and co-operation within the IAIR and the benefits derived from it. We should however consider ways of better recording and following through contacts between members and non-members.



6 Financial Position and Executive Support

6.1 The Financial Report for the year ended 31 December 2008 shows that the IAIR is in a healthy position. While it had an operating deficit for the year of US\$2,199 (2007 – deficit US\$1,759), it has accumulated surpluses of US\$37.671 - that is, almost two years' membership contributions.

6.2 Terry Gallagher is appointed until the conclusion of the 2010 IAIR General Meeting. The company, WebSupport by Rainer, is contracted to undertake the maintenance and support of the website until 31 December 2009.

6.3 The IAIR does not have any other contracts or commitments.

7 Conclusion

7.1 I will be standing down as the Chairman at IAIR 2009 Johannesburg. This is because I will be retiring from my position as Director General of IFECOM in December 2009. I have enjoyed being IFECOM's representative at IAIR over the past eight years, have been honoured to have been IAIR Chairman for the past two years and to have made so many good friends; and I wish the Association all the best in the future.

7.2 I am very grateful for the support I have received from all members, and greatly appreciate and readily recognise the time and commitment they have given to the IAIR, its Conferences and Workshops and its Projects which are hallmarks of the quality of the IAIR's work.

Luis Mejan
IAIR Chairman
July 2008

