

OECD Guidelines for Corporate Bond Issuers



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Please cite this publication as:

OECD (2026), *OECD Guidelines for Corporate Bond Issuers*, OECD Publishing, Paris, <https://doi.org/10.1787/8534f240-en>.

ISBN 978-92-64-74489-9 (PDF)

ISBN 978-92-64-89916-2 (HTML)

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Preface

Corporate bond markets have expanded considerably over the past two decades in both developed and emerging markets, reflecting a structural shift in corporate financing patterns. While this expansion has widened companies' access to capital markets, it also underscores the need for regulatory frameworks that are fit for purpose. Transparency and accountability in bond markets are essential preconditions for building investor trust, improving market efficiency and enabling corporations to pursue long-term strategic objectives. Sound corporate bond markets require appropriate information flows and well-aligned incentives among issuers, investors and market service providers to support effective decision making.

The *OECD Guidelines for Corporate Bond Issuers* (the *Guidelines*) provide guidance to help policymakers to evaluate and improve the legal, regulatory and institutional framework for corporate bond issuers and the role of bondholders in corporate governance. The *Guidelines* aim to promote efficient capital markets, support sustainable growth and contribute to financial stability.

The *Guidelines* complement the G20/OECD Principles of Corporate Governance by addressing issues specific to bond markets, including bondholder rights and engagement mechanisms. They also provide guidance on how relevant aspects of the G20/OECD Principles of Corporate Governance may be applied to companies that list their bonds without having publicly traded equity.

The *Guidelines* are the outcome of more than two years of work. They are non-binding and do not seek to prescribe detailed legislative approaches or override domestic legal frameworks. Rather, they set out key objectives and highlight possible avenues for their implementation, recognising that outcomes will depend on each jurisdiction's legal and market context. They are primarily addressed to policymakers, while also recognising the role of stock exchanges and market participants in promoting good practices.

The *Guidelines* are a valuable tool for policymakers, regulators, international organisations and market participants to promote well-functioning public bond markets. The OECD Corporate Governance Committee will continue to work closely with all relevant national authorities and other partners to promote the implementation of the *Guidelines*.



Jean-Paul Servais

Chair, OECD Corporate Governance Committee

Foreword

The *OECD Guidelines for Corporate Bond Issuers* (hereafter, the “Guidelines”) provide recommendations on how the content of the *G20/OECD Principles of Corporate Governance* (hereafter, the “Principles”) could be applied to companies that list their bonds, but whose shares are not publicly traded. The *Guidelines* also provide recommendations for publicly traded companies on issues related to bond issuance and bondholder rights that are only briefly addressed or not covered at all in the *Principles*, such as bondholder meetings.

The *Guidelines* have three sections. The first section addresses disclosure and transparency for issuers of listed bonds, setting out expectations for the timely and accurate provision of material information relevant to bondholders, including financial performance, risk factors and debt contracts. The second section focusses on the responsibilities of the board, emphasising the need for informed decision making, sound oversight of the company’s capital structure and the consideration of bondholder interests where relevant. The third section covers the exercise of bondholder rights, including engagement, participation in bondholder meetings, the role of trustees, and mechanisms to support effective communication and debt restructuring.

The *Guidelines* were developed by the OECD Corporate Governance Committee. Important contributions were received from the OECD’s regional corporate governance roundtables in Asia and Latin America, and from Business at OECD and the Trade Union Advisory Committee (TUAC). An online public consultation was held from December 2025 to January 2026, achieving a broad consensus that promoting good corporate governance practices by listed bond issuers is an important step towards enhancing market efficiency, investor protection, and financial stability. The public consultation elicited written submissions from a broad range of stakeholders, including from OECD members and accession candidate countries, non-OECD G20 members, and Financial Stability Board members.

The *Guidelines* build on previous OECD Corporate Governance Committee work, including the paper [Regulatory frameworks and trends in the corporate bond market](#) (2025), the Roundtable on Policies and Practices for Corporate Bond Issuers held in April 2024, and the [OECD Global Debt Report](#).

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About the Guidelines

Since the global financial crisis, there has been a surge in the issuance of corporate bonds, particularly in emerging markets. This has represented an opportunity to support companies' access to finance, but it may give rise to new risks if regulatory frameworks are not fit for purpose. Regulations and practices that promote the transparency and accountability of the company, board members and executives, to both shareholders and bondholders, help to build trust in markets, thereby improving market efficiency and supporting corporations' long-term projects. A well-functioning public bond market enhances the resilience of corporations, notably by providing an alternative to bank lending during periods of financial instability.

The [G20/OECD Principles of Corporate Governance](#) (hereafter, the "*Principles*") focus on publicly traded companies. These Guidelines for Corporate Bond Issuers (hereafter, the "*Guidelines*") provide recommendations for publicly traded companies on issues related to bond issuance and bondholder rights that are only briefly addressed or not covered at all in the *Principles*, such as bondholder meetings. Additionally, the Guidelines provide recommendations on how the content of the *Principles* could be applied to companies that list their bonds but whose shares are not publicly traded, particularly regarding disclosure and board responsibility.

These Guidelines include guidance for corporate bond issuers that list their bonds on a stock exchange or another trading venue but not necessarily their equity. The Guidelines do not provide guidance in relation to unlisted bonds – for which no reporting obligation would typically exist – and do not address creditor rights or insolvency frameworks more broadly. The Guidelines are non-binding and do not aim to provide detailed prescriptions for national legislation. They are not a substitute for, nor should they be considered to override domestic law and regulation. Rather, they seek to identify objectives and suggest various possible means for achieving them. A jurisdiction's implementation of the Guidelines, and the markets in which regulation is more closely aligned with them, will depend on its national legal and regulatory context. The Guidelines are addressed to policymakers, but stock exchanges and private sector initiatives may also play an important role in implementing the recommendations.

The Guidelines are intended to help policymakers evaluate and improve the legal, regulatory and institutional framework for corporate bond issuers and the role of bondholders in corporate governance, with a view to supporting economic efficiency, access to capital, sustainable growth and financial stability. This is primarily achieved by providing corporate bond issuers, bondholders and company board members and executives with the right information and incentives to perform their roles effectively.

Throughout these Guidelines, "listed companies" refer to companies with their equity listed on a stock exchange. "Publicly traded companies" is a synonym of "listed companies". A "listed bond" is authorised to be traded in a stock exchange or another regulated trading venue. An "unlisted bond" is traded directly between parties, often called "over the counter" (OTC). "Issuers of listed bonds" include companies that do not list their equity but list their bonds.

1 Disclosure and transparency for issuers of listed bonds

1.A. The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the listed bonds of issuers, which may include the financial situation and operating results, performance, company objectives, related party transactions, controls to fulfil covenants, foreseeable risk factors, debt contracts, and governance of the company.

Principles IV and IV.A of the *Principles* should be applied *mutatis mutandis* to issuers of listed bonds, considering what is material for bondholders. Notably, there may be some circumstances where information may be material for bondholders but less critical for shareholders. For instance, bondholders may take particular interest in events that could potentially affect the value of the collateral used to secure the debt, the breach of contractual terms that would require the issuer to repay the amount outstanding, a change in the use of proceeds from what was initially defined in the bond contract, or the issuer's exposure to interest rate and liquidity risks. Conversely, certain categories of information that may be material for shareholders are of more limited relevance to bondholders. For instance, disclosure on major share ownership and voting rights—while often important for equity investors—may generally be deprioritised by issuers when assessing materiality in the context of listed bonds.

Material information can be defined as information whose omission or misstatement can reasonably be expected to influence a shareholder's or bondholder's assessment of a company's cashflows, including their value, timing and certainty. Material information can also be defined as information that a reasonable investor would consider important in making an investment or voting decision. In structures where listed bonds are guaranteed by a parent company and the subsidiary issuing the bond has no standalone operations, the assessment of materiality may primarily be made at the guarantor (group) level.

1.B. The corporate governance framework should ensure that timely and accurate disclosure is made regarding material information on debt contracts, including the risk of non-compliance with covenants, as well as the consequences of, and conditions attached to, any material covenant breach.

Under normal circumstances, shareholders and directors control the major decisions taken by a company. However, certain provisions in corporate bonds and other debt contracts may significantly limit the discretion of management and shareholders, such as covenants that restrict dividend payouts, that require bondholders' approval for the divestment of major assets or penalise bond issuers if financial leverage exceeds a predetermined threshold. Moreover, under financial stress but before bankruptcy, companies may choose to negotiate a waiver of compliance with a covenant, which may involve changes to strategy and asset allocation. As a consequence, the timely disclosure of material information on debt contracts, including covenant breaches, events of default, and other material developments affecting covenant compliance is necessary for investors to understand a company's business risks. Where relevant under applicable accounting standards and the terms of the bonds, disclosure may also extend to forward-looking information.

Similarly, where bonds include contractual features that may alter their economic characteristics upon the occurrence of specified events, issuance documentation should clearly state the relevant triggers and their consequences. Contingent convertible bonds issued by financial institutions may qualify as regulatory capital and can be converted into equity or subject to a principal write-down when a trigger event occurs. Clarity with respect to trigger events and their consequences, therefore, is relevant not only for the holders of contingent convertible bonds but, more broadly, for financial markets' stability.

1.C. Information should be prepared and disclosed in accordance with internationally recognised accounting and disclosure standards.

Consistent with Principle IV.B. of the *Principles*, the use of high-quality accounting and disclosure standards is expected to significantly improve investors' ability to monitor a company by providing increased relevance, reliability and comparability of reporting, and improved insight into a company's performance and risks. Typically, issuers of listed bonds need to prepare and disclose information in accordance with the same accounting and disclosure standards used by listed companies in the same jurisdiction. In some jurisdictions, foreign companies can disclose information using foreign accounting standards if they are deemed to be equivalent to domestically-accepted accounting standards, which may facilitate cross-border investments.

1.D. An annual external audit should be conducted by an independent, competent and qualified auditor in accordance with internationally recognised auditing, ethical and independence standards in order to provide reasonable assurance to the board, shareholders and bondholders on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

Consistent with Principle IV.C. of the *Principles*, the external auditor provides an opinion as to whether the financial statements present fairly, in all material respects, the financial position and financial performance of a company. In addition to what is in the *Principles*, the recommendation above highlights that not only shareholders but also bondholders are among the main users of financial statements.

1.E. External auditors owe a duty to the company to exercise due professional care in the conduct of the audit in the public interest.

Consistent with Principle IV.D of the *Principles*, the external auditor owes a duty of professional care to the company rather than any individual or group of corporate managers that they may interact with for the purpose of their work. The practice that external auditors are recommended by an independent audit committee of the board or an equivalent body and are elected, appointed or approved either by that body or by the shareholders' meeting directly, does not preclude bond trustees from communicating directly with the audit committee or an equivalent body regarding non-confidential matters related to its oversight of the external auditor.

The communication with trustees may be particularly valuable in circumstances involving covenant compliance concerns, or potential default events, where timely communication between the auditor, the audit committee, and the trustees can support the prompt identification and disclosure of material issues affecting bondholders. The audit committee and, where relevant, the external auditor may also give appropriate attention to financial reporting matters of relevance to bondholders, such as accounting judgments that affect covenant calculations and the use of non-standard measures referenced in bond contracts, including adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation).

1.F. Channels for disseminating information should provide for equal, timely and cost-efficient access to relevant information by bondholders and parties acting on their behalf.

Consistent with Principle IV.E. of the *Principles*, there should be requirements for ongoing disclosure to holders of listed bonds and bond trustees, which includes periodic disclosure and continuous or current disclosure that is provided on an ad hoc basis. This should be provided in an easily accessible and user-

friendly manner. Where possible, information relevant to bondholders should be disclosed through centralised and standardised channels, such as regulated market disclosure systems, or the issuer's investor relations website. To facilitate comparisons across companies, issuers may also consider aligning their reporting timelines with widely accepted reporting schedules used by listed companies in the same jurisdiction.

1.G. The disclosure framework may need to be flexible depending on the specific company circumstances and the investors who can acquire its bonds.

Issuers of listed bonds may be required to comply with disclosure requirements such as those followed by listed companies. Generally, when a company publicly offers securities, including bonds, it must provide a disclosure document to potential investors. This document often must be filed with the regulatory authority. Exemptions to some disclosure requirements are often conditioned to the number and type of eligible investors in the public offering; for instance, the smaller the number or the higher the sophistication of investors, the more exemptions would apply. Still, when the bonds were initially offered to more sophisticated investors, securities intermediaries may be obliged to assess whether the issuer complies with ongoing disclosure requirements that consider the needs of the less sophisticated investors before allowing them to acquire the bonds.

Disclosure requirements should also consider the issuer's size, complexity, ownership structure, stage of development, and the characteristics of the bond issuance, including its size and tenor. While considering the need to protect investors, some jurisdictions offer regulatory flexibility for recurrent listed bond issuers or for smaller companies with growth potential to simplify the bond issuance process. This can be achieved by allowing recurrent bond issuers to follow simplified procedures and/or issue a simplified prospectus. Exemptions in the listed bond issuance process could also be considered, such as waiving or decreasing the number of historical financial statements for newly established corporations or permitting their use of a simplified prospectus.

2 The responsibilities of the board

2.A. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders, taking into account the interests of bondholders.

All recommendations in Chapter V of the *Principles* should be applied *mutatis mutandis* to issuers of listed bonds. When making a decision in circumstances where there is a trade-off between the interests of shareholders and bondholders, board members typically need to decide in favour of shareholders. Nevertheless, as recommended in internationally recognised benchmarks for creditor rights and insolvency frameworks, when the board of directors knows, or ought reasonably to know, that insolvency is imminent or unavoidable, it has a duty to minimise the damage and take appropriate measures, including engaging with bondholders and other creditors and initiating restructuring or insolvency proceedings. This may effectively mean limiting the possibility of boards making high-risk decisions with a positive net-expected value for shareholders if it is detrimental to bondholders.

In this context, the board should periodically review its risk appetite in light of any material changes in the company's financial position or operating risk profile. Where bonds are issued by a special-purpose vehicle with no standalone operations, the parent company's board should retain oversight of the group's capital structure and ensure it remains aligned with the group's strategy and risk profile. Bond issuers that are not subject to a corporate governance code may consider voluntarily adopting an appropriate code and disclosing in their annual reports how their governance practices align with its principles, thereby providing bond investors with a level of governance transparency comparable to that available to investors in listed equity.

In some jurisdictions, companies may issue preferred shares, which have a preference for receiving the company's dividends but limited or no voting rights. In this case, policymakers and the courts may need to clarify the expectations for board members in their decision making where there is a trade-off between the interests of ordinary shareholders and preferred shareholders' contractual rights. Notably, preferred shares with fixed dividends but no voting rights would be similar to subordinated bonds from an economic perspective.

2.B. The boards of issuers of listed bonds should assess whether the company's capital structure is compatible with its strategic goals and its associated risk appetite to ensure it is resilient to different scenarios.

Consistent with Sub-Principle VI.C.2 of the *Principles*, "[b]oards should assess whether the company's capital structure is compatible with its strategic goals and its associated risk appetite to ensure it is resilient to different scenarios", including regarding the issuance and repayment of corporate bonds, as well as to share buybacks. The capital structure refers to the mix of equity and debt used to finance a company.

In addition to establishing directors' duties of care and diligence towards shareholders in corporate legislation, some jurisdictions have legal provisions that may more specifically limit or guide the decisions on the issuance of bonds and the capital structure of companies. Policymakers should consider whether there is sufficient clarity regarding directors' duties of care and diligence in a context of high leverage (but not necessarily in a period leading to insolvency) where the company's capital structure may be incompatible with the company's strategic goals and associated risk appetite. Such clarity may be achieved

through regulatory guidance or interpretative notes, without necessarily introducing new statutory liabilities. It could also include guidance on how boards may assess whether executive remuneration arrangements are consistent with the company's strategic objectives and risk appetite.

Various corporate governance frameworks include safeguards against actions by directors that could compromise the interests of creditors, including bondholders. These safeguards include the right of opposition of bondholders to transactions that could undermine their rights, such as, in some cases, mergers and capital reductions that return assets to shareholders.

2.C. Unless otherwise specified in the listed bond issuer's articles of association, the decision to issue bonds should be approved or authorised by the board of directors, which may delegate the preparation and execution of such decisions to senior management.

Board members are best placed to decide if the capital structure of a company is compatible with the strategic goals and its associated risk appetite. For instance, boards have information about the loan rates and conditions offered by commercial banks to the company and the possibilities indicated by investment banks for bond issuance. Likewise, boards can decide much more quickly to issue a bond than the time needed to call a shareholder meeting. However, the issuance of bonds convertible into shares represents a decision that directly affects the ownership of the company, and therefore, shareholders may have the right to approve the issuance of convertible bonds or authorise future issuances to be decided by the board.

2.D. Where companies are not financial institutions and do not pose systemic risks, policymakers should refrain from requiring them to retain profits in mandatory capital reserves or to distribute a minimum share of profits as dividend.

Companies may face pressure to distribute dividends or buy back their shares from shareholders even in cases where its financial situation and investment opportunities would not recommend it. This is why, for instance, some company laws require the establishment of reserves for companies to maintain part of their accumulated profits. The risk may be the opposite, where directors and executives may prefer to grow the assets or revenues of the company regardless of the shareholder value created by new investments. This explains why some company laws demand the distribution of a minimum share of a company's profits in the form of dividends. However, if the boards of directors are accountable to shareholders and the corporate governance of companies is considered to be effective, such limitations and obligations may only limit the capacity of the company to reach its optimal capital structure and invest in value-creating projects without any clear benefit to shareholders and bondholders.

3

Exercise of bondholder rights, engagement and out-of-court debt restructuring

3.A. The exercise of the rights of bondholders of publicly traded companies and issuers of listed bonds should be facilitated.

Consistent with Sub-Principle VI.D.6 of the *Principles*, “[t]he exercise of the rights of bondholders of publicly traded companies should be facilitated”. The guidelines in this section are complementary to the *Principles* for publicly traded companies and directly applicable to issuers of listed bonds.

3.B. The corporate governance framework should facilitate and support institutional investors’ engagement with their investee listed bond issuers.

Institutional investors acting in a fiduciary capacity, such as pension funds and asset managers, should disclose their policies for corporate governance and voting with respect to their investments, including the procedures that they have in place for engaging with listed bond issuers. Such engagement is different from the typical engagement conducted by shareholders, and may take place, for instance, at the issuance of high-yield bonds or during bond restructuring negotiations.

3.C. Communication between listed bond issuers and bondholders should be facilitated to enable bondholders to exercise their rights.

Policymakers should consider making bondholder identification easier so that issuers of listed bonds can quickly and easily find bondholders, for example for debt restructuring negotiations, consent solicitations, bondholder meetings, and covenant waivers. Bondholder identification could be enhanced to bring it closer to the processes and systems used to identify shareholders, including with the support of brokers, central depositories, registrars, and bond trustees.

For example, a register or system could be required to identify bondholders. However, this is subject to special legislation, such as the resolution and restructuring regime applicable to banks and credit institutions in several jurisdictions. Likewise, new technology may be utilised where possible to expedite the communication between listed bond issuers and bondholders, for example, with the use of distributed ledger technology that allows for instant notification of corporate actions and announcements to all bondholders simultaneously.

Where bonds are held by retail investors, engagement during restructuring or default scenarios may be particularly challenging given the dispersion of the investor base and reliance on intermediaries. In such cases, industry or regulatory guidance on the roles of trustees and other advisors, processes for identifying and soliciting instructions from retail bondholders, and mechanisms for co-ordinating collective action may be beneficial.

3.D. Bondholders should have the opportunity to participate effectively and vote in bondholder meetings, and should be informed of the rules, including voting procedures, that govern bondholder meetings.

Bondholders should be furnished with sufficient and timely information concerning the date, format, location and agenda of bondholder meetings, as well as fully detailed and timely information regarding the issues to be decided at the meeting. Notice periods should be sufficient to enable meaningful participation, with all relevant materials disclosed in an accessible manner ahead of the meeting.

Processes, format and procedures for bondholder meetings should consider allowing for equitable treatment of all bondholders. Company procedures should not make it unduly difficult or expensive to cast votes. Impediments to cross-border voting should be eliminated.

Bondholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia. Bondholder meetings allowing for remote bondholder participation may be permitted by jurisdictions as a means to facilitate and reduce the costs to bondholders of participation and engagement. Such meetings should be conducted in a manner that ensures equal access to information and opportunities for participation of all bondholders.

3.E. The appointment of a corporate bond trustee may be an important mechanism for monitoring the listed bond issuer, including during insolvency and restructuring, and for protecting and enforcing bondholder rights.

Corporate bond contracts can be complex, and information pertaining to covenant maintenance, especially in scenarios of likely default, is often difficult for investors and supervisory authorities to obtain and assess. Trustees may carry out this monitoring role, while the specifics of how the trustee will perform this duty can vary according to the individual contract and the specific requirements in a jurisdiction.

Engaging a trustee or another service provider with similar responsibilities, such as a bondholder representative, can be an efficient way to monitor a company's compliance with the listed bond contract, especially when the issuance is to a dispersed group of bondholders, including retail investors. Trustees are also likely to be important during insolvency and bankruptcy circumstances to facilitate the co-ordination and engagement of bondholders and the enforcement of their rights, notably where communication between bond issuers and bondholders is not fluid. In default or potential default scenarios, bondholders may benefit from having the right to appoint or replace the trustee to ensure that a trustee with appropriate expertise in managing such situations is in place.

3.E.1. If a trustee is appointed, the trustee should be independent, competent and meet eligibility requirements to provide high-quality services.

A trustee should be independent, professional and registered or approved in the applicable jurisdiction. Trustees are usually appointed by the listed bond issuing company at the moment of the offering but can be replaced by the bondholder meeting. The laws or regulations in a jurisdiction may set out the role and responsibilities of the trustee for listed bonds. The duties and functions of trustees vary and may include the following: (i) to prepare an annual report to the bondholders on any material developments, the fulfilment of the bond covenants and any material deviations from the intended use of proceeds as set out in the bond contract; (ii) to review the descriptions of the collateral in the bond contract and, at least once a year, the validity of the collateral; (iii) to decide whether a default event has occurred and notify bondholders within a set timeframe about any non-compliance by the issuer with the bond covenants; (iv) to call a bondholder meeting, provide any information requested by the bondholders and implement the resolutions of the bondholder meeting; (v) to protect the interests or engage third parties to negotiate on behalf of bondholders in debt restructuring and insolvency proceedings, in-court and out-of-court.

To effectively carry out their role, trustees should have access to the information necessary to perform their functions subject to applicable confidentiality and legal requirements. Trustees should abide by the

relevant framework for insolvency, bankruptcy, and creditor protection. To facilitate the trustees carrying out their role, they should be adequately remunerated. For retail bond issuances in particular, issuers may consider establishing pre-funding arrangements to ensure trustees have sufficient resources to fulfil their obligations upon the occurrence of triggering events such as a default or potential default.

3.E.2. Trustees should be accountable to the bondholders of the company and owe a duty to exercise due professional care, avoid conflicts of interest, and disclose to bondholders any actual or potential conflicts of interest.

Trustees have a fiduciary duty to act on behalf of bondholders by law in some jurisdictions and in accordance with the terms of the bond contract. Trustees who have a conflict of interest should not be appointed, or they should be replaced if a conflict arises after they have been appointed. For instance, a related party to the issuer or the underwriter of the offering should not be permitted to be the trustee of the bond issuance. The same impediment should apply to any creditor of the issuer and, more broadly, anyone who would face a conflict in representing the interests of the bondholders.

Trustees should also have procedures in place to identify, manage and disclose to bondholders any actual or potential conflicts of interest arising during the life of the bond. To support transparency, trustees may disclose their remuneration arrangements and any material commercial relationships with the issuer, and may report periodically on whether conflicts arose during the life of the bond and how these were managed.

3.F. Entities and professionals that provide analysis or advice relevant to bondholder decisions should disclose and minimise conflicts of interest that might compromise the integrity of their analysis or advice, and ensure that their methodologies are transparent and publicly available.

The corporate governance framework should promote the integrity of regulated entities and professionals that provide analysis or advice relevant to decisions by bondholders, such as credit rating agencies and index providers. In addition to trustees, these service providers can have significant impact on companies' governance and strategy given their rating methodologies and index inclusion criteria. Therefore, the methodologies used by regulated service providers that produce ratings, indices and data should be transparent and publicly available to clients and market participants.

At the same time, conflicts of interest may arise and affect judgement, such as when the provider of advice, rating or data is also seeking to provide other services to the listed bond issuer in question, or when the provider or its owner have a direct material interest in the issuer or its competitors. Many jurisdictions have adopted regulations or voluntary codes of conduct or have encouraged the implementation of self-regulatory codes designed to mitigate such conflicts of interest or other risks related to integrity, and have provided for private and/or public monitoring arrangements.

3.G. Listed bond contract templates may be considered by policymakers, regulatory authorities, and industry bodies to assist in making investment decisions more straightforward and facilitate the exercise of bondholder rights.

While preserving contractual freedom, non-binding contract models or templates developed by industry associations or standard setters may help clarify key aspects that could be included in listed bond contracts, including indentures and trust deeds. For instance, the adoption of models or templates may incentivise a reduction in the use of adjustable financial metrics that leave issuers the discretion to define whether they comply with covenants.

3.H. Out-of-court corporate debt restructuring should be encouraged and facilitated by regulatory frameworks where appropriate.

Out-of-court debt restructuring, such as a distressed debt exchange or a debt arrangement, is often more cost-effective than formal bankruptcy proceedings and may be particularly effective when the debtor's financial distress is not yet severe. Consistent with Sub-Principle VI.D.6 of the *Principles*, jurisdictions should adhere to internationally recognised benchmarks for creditor rights and insolvency frameworks.

Rules and guidance to facilitate out-of-court workouts in jurisdictions and enhance bondholders' participation could be developed, or further developed, to address specific issues that may impede this process. For instance, clear guidance on how insider trading rules may apply during a debt restructuring or a covenant waiver negotiation could provide more comfort for bondholders to take part in such processes.

Debt restructuring frameworks should facilitate the negotiations between the company and the holders of its bonds, encouraging early dialogue and co-operative engagement. These frameworks may establish disclosure expectations, negotiation timelines and define the roles of trustees and creditor committees in the negotiations, leaving the ultimate decision over the adoption of debt restructuring agreements to the bondholder meeting.

3.H.1. The corporate bond framework should consider the equitable treatment of all bondholders.

When changes to bond contract terms or covenant waiver negotiations do not require approval from all bondholders, as is the case in some jurisdictions for changes to principal or interest, there is a risk of unequal treatment among them. For instance, an issuer of a listed bond may offer a fee to a majority of bondholders in exchange for their consent to a bond contract amendment or covenant waiver. This could effectively pressure them into accepting changes in the bond contract terms or a restructuring that may not serve the interests of all bondholders and result in a transfer of wealth from the minority to the majority.

One approach with respect to consent solicitation fees would be to ensure that all bondholders who respond to or vote on the issuer's solicitation—whether in favour or against—have an equal opportunity to receive consent fees or similar forms of compensation related to a corporate debt restructuring. Furthermore, if the timeframe for bondholders to respond is insufficient, or if retail investors hold the bonds, it may be appropriate to require that consent fees and similar compensation be extended to all bondholders, including those who did not respond or vote on the issuer's solicitation.

In so-called “position enhancing transactions”, where a majority of bondholders are offered a new, superior senior class of debt in exchange for agreeing to changes in bond contract terms, policy solutions may be more complex. These include, for instance, ensuring transparency regarding the position enhancing transactions under negotiation, extending the same offer to all bondholders, or requiring the majority to exercise their power to bind the minority in good faith.

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The OECD Guidelines for Corporate Bond Issuers provide guidance to help policymakers evaluate and improve the legal, regulatory and institutional framework for corporate bond issuers and the role of bondholders in corporate governance. The Guidelines aim to promote efficient capital markets, support financial stability and contribute to sustainable growth. The Guidelines complement the G20/OECD Principles of Corporate Governance by addressing issues specific to bond markets, including bondholder rights and engagement mechanisms. They also provide guidance on how relevant aspects of the G20/OECD Principles of Corporate Governance may be applied to companies that list their bonds without having publicly traded equity.



PDF ISBN 978-92-64-74489-9

