Governance *in Brief*

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Citigroup to IPO Banamex after Mexican gov't interventions hamper sales deal

Citigroup has announced a plan to spin off its Mexican business, Banamex, after a failure to sell the unit to conglomerate Grupo Mexico. Citigroup had been in talks with German Larrea, CEO and Chairman of Grupo Mexico, for over a year in an attempt to orchestrate the sale of the bank, which was first announced at the start of 2022. At the time of the announcement, Mexican president Andres Manuel Lopez Obrador demanded that Banamex remain under Mexican ownership, and requested assurances that the sale would not bring employee layoffs. The deal was finally halted when the Mexican president expropriated a stretch of railway owned by Grupo Mexico, citing its strategic importance for a governmental infrastructure project. Before the seizure, the president had also introduced a series of bills which would allow the government's reach into private aviation and mining businesses. Worried that the state interference would extend to the banking sector, Groupo Mexico withdrew from the deal. Following Banamex's IPO announcement, the Mexican President said the government could acquire a controlling interest in the bank, investing up to USD 3 billion. The IPO is expected to complete by 2025, with a possible Mexico-US dual listing.

Yahoo Finance | Reuters (1) | Reuters (2) | CNBC

Cosmo Energy Holdings fends off hostile takeover

The board of Japanese oil refiner Cosmo Energy Holdings has announced it will exclude its largest group of shareholders, City Index Eleventh ("City"), from voting on an anti-takeover plan at its upcoming AGM, to safeguard the interest of general shareholders. City had been accumulating a stake in the refiner which reached 20% in April this year, triggering Cosmo to adopt a set of policies in defense of a hostile takeover. The AGM proposal would grant the board a dilutive share issuance authority should City further increase its stake without following proper procedures.

Cosmo | Reuters | Japan Times |

UK to revise Corporate Governance Code

The UK Financial Reporting Council ("FRC") has submitted for consultation a proposal to revise the country's Corporate Governance Code. The bulk of the proposals aim to align the Code with a government white paper released in May 2022, and the FRC's minimum standards for audit committees and external audit. The intent is to strengthen the role of the board and audit committees in internal controls, risk, audit and financial reporting functions. The proposal would introduce new provisions requiring boards to provide a statement on the effectiveness of a corporate's risk and internal control systems.

FRC (1) | FRC (2) | Lexology |

Meta receives record USD 1.3 billion fine

Ireland's Data Protection Commission ("DPC") issued a USD 1.3 billion fine to Meta Platforms for infringing GDPR rules through the transfer European Facebook users' data to the U.S. Meta has six months to comply with the DPC decision which would also require the deletion of millions of EU users' data that has already been transferred to the U.S. Meta announced its intention to appeal the ruling, and will seek to suspend the data transfer order, while it awaits the new EU framework for cross-border data transfers to be adopted in the summer. This could allow Facebook to resume its operations.

The Guardian | Meta | CNBC

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