

## UK news

### 2 new surveys on best practice in corporate reporting.

1. [http://www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/Services/Audit/Corporate%20Governance/UK Audit A telling performance.pdf](http://www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/Services/Audit/Corporate%20Governance/UK%20Audit%20A%20telling%20performance.pdf)
2. <http://pwc.blogs.com/files/a-snapshot-of-ftse-350-reporting.pdf>

**Submissions to the Walker Review** on the governance of banks and other financial institutions have been published: [http://www.hm-treasury.gov.uk/walker\\_review\\_submissions.htm](http://www.hm-treasury.gov.uk/walker_review_submissions.htm)

The Institute of Chartered Secretaries and Administrators has published its response to the FRC's review of the effectiveness of the Combined Code and Sir David Walker's review of bank governance.

<http://www.icsa.org.uk/assets/files/pdfs/consultations/09.11%20ICSA%20response%20to%20FRC%20%20FINAL.pdf>

The Investment Management Association (IMA) has published its response to the Walker Review, which looks at the future of corporate governance in the financial services industry and proposes measures to improve the quality of bank boards. *The IMA supports Sir David Walker's Review and many of its recommendations aimed at improving corporate governance in response to the financial crisis. We welcome the review ruling out legislative proposals and not adopting a rules-based approach. However, we have concerns about proposals that the FSA should encourage fund managers' commitment to the Principles of Stewardship 'as a matter of best practice'.* <http://www.investmentuk.org/press/2009/20091015.asp>

**The Financial Reporting Council has today published revised guidance for directors on going concern assessments** and disclosures. The guidance applies to accounting periods ending on or after 31 December 2009 and brings together the requirements of company law, accounting standards and the Listing Rules on going concern and liquidity risk for the directors of small, medium and large UK companies.

<http://www.frc.org.uk/images/uploaded/documents/Going%20concern%20and%20liquidity%20risk%20-%20guidance%20for%20directors%20of%20uk%20companies%20093.pdf>

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### **NAPF defends annual board appraisal against Walker Review**

Sir David Walker is wrong to de-emphasise the importance of annual performance evaluations for the boards of financial services companies, according to the UK pensions industry. <http://www.napf.co.uk/>

### **ABI response to Turner Review Conference discussion paper**

Responding to the FSA's Turner Review Conference discussion paper on a new regulatory framework for the banking industry, Peter Montagnon, the ABI's Director of Investment Affairs, said: "While we do not see a formal Glass-Steagall approach as practicable, it might be helpful if market pressures led to banks reorganising themselves into more manageable units, with either a utility or an investment banking focus. The application of more rigorous capital requirements to the trading book would promote such a market development, which we would broadly support.

[http://www.abi.org.uk/Media/Releases/2009/10/ABI\\_response\\_to\\_Turner\\_Review\\_Conference\\_discussion\\_paper.aspx](http://www.abi.org.uk/Media/Releases/2009/10/ABI_response_to_Turner_Review_Conference_discussion_paper.aspx)

The Financial Reporting Council has published updated Guidance for directors of UK companies to assist them when making their assessment of going concern <http://www.frc.org.uk/press/pub2141.html>

The Accounting Standards Board (ASB) has today issued 'Rising to the challenge', the report of its review of the narrative reporting of 50 UK listed companies in 2008 and 2009. <http://www.frc.org.uk/asb/press/pub2148.html>

## European news

NASDAQ OMX Helsinki has published its Corporate Governance Review. This reports that two thirds of listed companies comply with the recommendations in the Finnish Code.

<http://www.cgfinland.fi/images/stories/pdf/corporate%20governance%20review%20october%202009.pdf>

**Linklaters' Matrix of corporate governance developments has been updated.** This draws together the corporate governance responses to the financial crisis and other corporate governance developments in the UK, EU and US

<http://www.linklaters.com/Publications/Publication1005Newsletter/20091019/Pages/LinklatersMatrix.aspx>

**Implementation of the Companies Act 2006 was completed on 1 October 2009.** Details of statutory instruments (SIs) made as part of implementation of the Act, including links to the SIs and Explanatory Memoranda on the OPSI website, are available on the [Regulations and Commencement Orders – made or laid in draft](#) page.

A report published yesterday by Milan-based communications consultancy Lundquist finds that while disclosure of information is usually of a high standard in CSR reporting, communication and interactivity are lacking.  
<http://www.scribd.com/doc/21432532/Lundquist-CSR-Online-Awards-Global-Leaders-2009-Executive-Summary>

**CESR issued today a call for evidence on the use of a standard reporting format (XBRL) for financial reporting of issuers having securities admitted to trading on regulated markets.** [http://www.cesr.eu.org/index.php?page=home\\_details&id=447](http://www.cesr.eu.org/index.php?page=home_details&id=447)

Frequently asked questions regarding the transparency directive: common positions agreed by CESR members. 2nd version – updated in October 2009. <http://www.cesr.eu/popup2.php?id=6148>

## International

**Managed Funds Association reply to Hong Kong SFC consultation on short selling disclosures.** “We are particularly concerned that the public disclosure of short positions could increase market volatility, restrict price discovery and preclude investors from performing critical risk management functions.  
<http://www.managedfunds.org/downloads/MFA%20response%20to%20SFC%20consultation.pdf>

**Chinese authorities are hoping to prevent the country’s new NASDAQ-style board becoming too speculative before the market goes live next week.** ChiNext will allow a specialized platform for high-growth technology and pharmaceutical companies when it starts trading on October 30. <http://www.szse.cn/main/en/ChiNext/aboutchinext>

**Hong Kong’s hedge fund industry registered healthy growth and contained a good mix of local and international hedge fund managers**  
The number of hedge funds managed by the SFC-licensed hedge fund managers in Hong Kong surged to 542 as at 31 March 2009. This represented a growth for six consecutive

years and was almost five times the level in 2004, the earliest year covered in our hedge fund surveys. The assets under management/advisory (AUM) also registered healthy growth over the past six years. Despite the financial crisis in 2008, the AUM still stood at US\$55.3 billion as at 31 March 2009, six times that of 2004.

[http://www.sfc.hk/sfc/doc/EN/speeches/public/surveys/09/Hedge%20Fund%20Survey%20Report%202009\\_ENG.pdf](http://www.sfc.hk/sfc/doc/EN/speeches/public/surveys/09/Hedge%20Fund%20Survey%20Report%202009_ENG.pdf)

## US news

**NYSE Rule 452** that would eliminate the so-called “broker discretionary vote” in uncontested director elections. This could create unprecedented governance challenges for management and corporate boards

[http://www.georgesonshareholder.com/usa/resources\\_events.php](http://www.georgesonshareholder.com/usa/resources_events.php)

After four consecutive quarters of net withdrawals, **hedge funds recorded a net asset inflow in 3Q09**, with investors adding \$1.1 billion in new capital during the period, according to data released today by Hedge Fund Research, Inc. (HFR). Hedge fund performance, as tracked by the HFRI Fund Weighted Composite Index, climbed 6.9 percent in 3Q, increasing year-to-date returns to 17.1 percent through September. These performance-based gains vaulted hedge fund industry assets to \$1.53 trillion in 3Q09, up from \$1.43 trillion at 2Q.

<https://www.hedgefundresearch.com/index.php?fuse=press&1256579734>

Considerations for us public company directors in the current environment. A useful summary of current issues from law firm Gibson Dunn and Crutcher.

<http://www.gibsondunn.com/Publications/Pages/ConsiderationsforPublicCompanyDirectorsintheCurrentEnvironment.aspx>

**SEC issues proposals to shed greater light on dark pools.** The Securities and Exchange Commission today voted unanimously to propose measures intended to increase transparency of dark pools so investors get a clearer view of stock prices and liquidity.

<http://www.sec.gov/news/press/2009/2009-223.htm>



Small public companies to begin providing audited assessment of internal controls over financial reporting in nine months

The Securities and Exchange Commission today announced that the smallest publicly reporting companies will begin complying in nine months with the final portion of a key provision of a 2002 corporate governance law that requires companies to report to the public about the effectiveness of their internal control over financial reporting. <http://www.sec.gov/news/press/2009/2009-213.htm>