

## Regulatory Update August 2011.

### UK

Corporate governance green paper - **FRC submission** published. The UK's Financial Reporting Council published its submission to the European Commission's consultation on the corporate governance framework in Europe <http://www.frc.org.uk/images/uploaded/documents/FRC%20response%20to%20the%20Green%20Paper%20on%20the%20EU%20corporate%20governance%20framework%20July%202011.pdf>.

**UK Government Response** to the Green Paper: The EU corporate governance framework

<http://www.bis.gov.uk/assets/biscore/europe/docs/u/11-1097-uk-government-response-eu-corporate-governance-framework>

**Narrative reporting.** “We think some companies have not been telling their stories and we want to make it easier for them. Separating reporting in two parts will help to avoid boiler plating and improve the quality of reporting,” said Ed Davey, the UK business minister, at the Institute of Chartered Secretaries and Administrators governance awards.

<http://www.ft.com/cms/s/0/89f787c4-ae29-11e0-8752-00144feabdco.html#axzz1U3E5H37c>

The Takeover Panel Code Committee published a response statement following its review of certain aspects of the **regulation of takeover bids**:

<http://www.thetakeoverpanel.org.uk/wp-content/uploads/2008/11/RS201101.pdf>

PIRC has published a short summary of **voting trends**, based on 287 UK annual general meetings held in the first half of 2011: see [here](#). PIRC notes that, in 2008, 82.6% of remuneration reports were passed with a vote against of less than 5%; in the first half of 2011 this figure was 66%.

The Financial Reporting Council published its annual report and accounts yesterday: see [here](#). In her chairman's statement, Baroness Hogg makes clear that **changes to the FRC's structure** are likely and notes that "... the FRC today consists of seven different bodies to do one job ... The perpetuation of these silos does not, the FRC's Board believe, serve anyone well". According to Baroness Hogg, the desired structure would be one containing two units or strands: [1] responsibility for setting codes and standards and [2] responsibility for the conduct of companies and professionals

## European Union ex UK

AMF reminds users of financial and investment discussion forums that opinions on securities traded on AMF-regulated markets are subject to regulatory requirements [http://www.amf-france.org/documents/general/10083\\_1.pdf](http://www.amf-france.org/documents/general/10083_1.pdf)

An important hurdle has been cleared on the way towards the planned combination of Deutsche Börse AG and NYSE Euronext. [http://deutsche-boerse.com/dbag/dispatch/en/listcontent/gdb\\_navigation/investor\\_relations/Content\\_Files/10\\_adhoc/db\\_ad-hoc\\_150711.htm](http://deutsche-boerse.com/dbag/dispatch/en/listcontent/gdb_navigation/investor_relations/Content_Files/10_adhoc/db_ad-hoc_150711.htm)

ESMA published a consultation paper, accompanied by a press release setting out its proposals for **detailed guidelines for trading platforms**, investment firms and competent authorities to address challenges of a highly automated trading environment, of which high frequency trading (HFT) is an important part.  
[http://www.esma.europa.eu/index.php?page=home\\_details&id=585](http://www.esma.europa.eu/index.php?page=home_details&id=585)

## US

**USA: say on pay - early results.** The Financial Times newspaper reports - see [here](#) - that 12 out of the first 100 Fortune 500 companies to hold a 'say on pay' vote have seen significant protest votes (defined as a vote where 30% of the votes cast were not in support).

The U.S. Court of Appeals overturned **the SEC's regulation mandating proxy access** which would have given shareholders the right to nominate directors.  
[http://www.cadc.uscourts.gov/internet/opinions.nsf/89BE4D084BA5EBDA852578D5004FBBBE/\\$file/10-1305-1320103.pdf](http://www.cadc.uscourts.gov/internet/opinions.nsf/89BE4D084BA5EBDA852578D5004FBBBE/$file/10-1305-1320103.pdf)

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Once thought inevitable, a decisive move by the United States to **one-world accounting** is now in serious doubt.

<http://www.reuters.com/article/2011/07/25/us-usa-tax-convergence-idUSTRE76O1N220110725>

While only 2 percent of Russell 3000 companies failed to receive majority approval on their say-on-pay advisory votes, the big stories this proxy season have been the **unprecedented number of negative recommendations** by proxy advisers says the Conference Board

[http://www.boardmember.com/Article\\_Details.aspx?id=6435](http://www.boardmember.com/Article_Details.aspx?id=6435)

The consultation paper "Enhancing the Value of Auditor Reporting: Exploring Options for Change" seeks to determine whether there are common views among users of audited financial statements and other stakeholders about the usefulness of auditor reporting. It describes issues with current financial reporting, including a perceived "information gap,"

<http://ifac.org/Guidance/EXD-Details.php?EDID=0163>

## International

The Singapore Corporate Governance Council ("Council") has released a consultation paper on proposed revisions to the Code of Corporate Governance ("Code") which applies to Singapore listed companies on a 'comply or explain' basis.

[http://www.mas.gov.sg/news\\_room/press\\_releases/2011/Consultation\\_on\\_the\\_Proposed\\_Revisions\\_to\\_the\\_Code\\_of\\_CG.html](http://www.mas.gov.sg/news_room/press_releases/2011/Consultation_on_the_Proposed_Revisions_to_the_Code_of_CG.html)

PRI's Reporting and Assessment survey has been in place since 2006. Reflecting feedback from signatories, recognition of different structures of organisations, the inclusion of new asset classes and the desire to introduce greater transparency on behalf of signatories, the annual PRI survey is being redesigned. The main objective is to design a framework that provides a comprehensive reporting and accountability tool for signatories

<http://www.unpri.org/consultation/>

The **Malaysian Securities Commission** published its *Corporate Governance Blueprint 2011*: see [here](#)

**Fixed income strategies** of insurance companies and pension funds. BIS report. <http://www.bis.org/publ/cgfs44.pdf>

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