

## Regulatory Update January 2010

### UK

FSA consults on changes DTR 5. Issuer announcements of total voting rights, Disclosure of shareholdings during a rights issue.

[http://www.fsa.gov.uk/pubs/cp/cp10\\_01.pdf](http://www.fsa.gov.uk/pubs/cp/cp10_01.pdf)

The Takeover Code disclosure regime will be extended to a “positions-based” regime rather than a dealings-based regime with effect from 19 April 2010. The changes are intended to increase the transparency of the positions of, and dealings by, persons involved in takeover offers.

<http://www.thetakeoverpanel.org.uk/wp-content/uploads/2008/11/RS200901.pdf>

The FRC has begun consultation on the content, operation and oversight of a stewardship code that will set out good practice for institutional investors when engaging with the UK listed companies in which they invest. <http://www.frc.org.uk/press/pub2216.html>

On 1 December 2009 FRC published a report on the findings of its review of the impact and effectiveness of the Combined Code. The report also sets out the actions that the FRC proposes to take as a result of the review. The main findings and actions are explained in the ‘Executive Summary’ section of the report

<http://www.frc.org.uk/corporate/reviewCombined.cfm>

Discussion paper on non-bank lending. This discussion paper covers non-bank lending channels for companies. Non-bank lending channels are routes used by firms for financing which are not based principally or necessarily on the functions of the banking sector; for example, the bond market or the non-bank loan market. [http://www.hm-treasury.gov.uk/d/non\\_bank\\_lending\\_discussionpaper.pdf](http://www.hm-treasury.gov.uk/d/non_bank_lending_discussionpaper.pdf)

## Europe

The need to give fresh impetus to the internal market and improve regulation of the financial services industry were the main topics addressed by Michel Barnier, Commissioner-designate for the internal market and services,

[http://www.europarl.europa.eu/hearings/press\\_service/product.htm?language=EN&ref=20100112IPR67166&secondRef=0](http://www.europarl.europa.eu/hearings/press_service/product.htm?language=EN&ref=20100112IPR67166&secondRef=0)

The Presidency of the Council of the European Union has published a new compromise proposal relating to the European Commission's proposal for an Alternative Investment Fund Managers Directive. The new proposal contains a mark-up of the changes that have been made.

<http://register.consilium.europa.eu/pdf/en/10/st05/st05918.en10.pdf>

## International

Good investor relations in India boosts share price, according to a study commissioned by India's Investor Relations Society and the Inter-Connected Stock Exchange of India (ISE)

<http://economictimes.indiatimes.com/markets/analysis/Companies-with-good-investor-relations-can-command-premium/articleshow/5333248.cms>

ASIC today released proposed best practice guidelines to help improve market practices relating to the handling of confidential information by listed entities. The guidelines are an important part of ASIC's work to promote confidence in Australia's capital markets

<http://www.asic.gov.au/asic/asic.nsf/byheadline/09-264AD+ASIC+releases+new+best+practice+proposals+for+the+handling+of+confidential+information+and+conduct+of+market+soundings?openDocument>

The World Economic Forum has published Global Risk Report 2010. The document provides political and business leaders with a framework for further discussion of a risk landscape that is increasingly complex and urges a consideration of the longer term, global implications of risks in areas beyond their immediate focus.

<http://www.weforum.org/pdf/globalrisk/globalrisks2010.pdf>

## US

In late January, the SEC adopted by a 3-2 vote an interpretive release to provide guidance to companies about how they should make climate change disclosures. <http://www.sec.gov/news/press/2010/2010-15.htm>

Preliminary data gathered from colleges and universities participating in the 2009 NACUBO-Commonfund Study of Endowments® (NCSE) indicate that these institutions' endowments and affiliated foundations had an average investment return of -19 percent (net of fees) for the 2009 fiscal year (July 1, 2008 – June 30, 2009). The preliminary 10-year average net return is 4.2 percent. <http://www.commonfund.org/Commonfund/Archive/CF+Institute/2009+1210+Press+Release+First+Nacubo+CF+Endowment+Study.htm>

SEC require a variety of new disclosures in this year's proxy statements. The SEC rules include new disclosure requirements on risks arising from broadbased compensation programs, board leadership and board risk oversight; enhanced disclosure regarding director backgrounds and qualifications, and fees paid to certain compensation consultants; and revised reporting of equity compensation awards. <http://sec.gov/rules/final/2009/33-9089.pdf>

The Securities and Exchange Commission (the "SEC") recently announced that it is re-opening the comment period for its June 2009 proposal regarding shareholder access to company proxy materials for director nominations (also known as "proxy access"). [ <http://www.sec.gov/rules/proposed/2009/33-9086.pdf> ] The SEC's proposed rules, if adopted, would establish a federal proxy access right and permit proxy access shareholder proposals in company proxy materials.

The Securities and Exchange Commission voted for a proposal that would require brokerages that rent out their access to the markets to have rules in place to protect against potential mishaps from unlicensed traders. <http://www.sec.gov/rules/proposed/2010/34-61379.pdf>

Most investors want to know what directors have done to align executive pay with corporate strategy. [http://www.shareholderforum.com/sop/Program/20091214\\_report.htm](http://www.shareholderforum.com/sop/Program/20091214_report.htm)