

## Regulatory Update – August 2008

**SEC ADVISORY COMMITTEE ON IMPROVEMENTS TO FINANCIAL REPORTING publishes final report;** Committee's recommendations in this final report: increasing the usefulness of information in SEC reports; enhancing the accounting standards-setting process; improving the substantive design of new accounting standards; delineating authoritative interpretive guidance; clarifying guidance on financial restatements and accounting judgments.

<http://www.sec.gov/about/offices/oca/acifr/acifr-finalreport.pdf>

**CFA Institute, the global association of investment professionals, identified six initiatives from the final report of the SEC's Advisory Committee on Improvements to Financial Reporting (CIFiR) that it will focus on to further advance the investor**

**perspective.** [http://www.cfainstitute.org/aboutus/press/release/08releases/20080819\\_01.html](http://www.cfainstitute.org/aboutus/press/release/08releases/20080819_01.html)

**Mutual funds and other registered investment companies follow clear policies designed to avoid conflicts of interest and to advance the interests of fund shareholders when casting their votes** on proxy issues at companies in their portfolios, according to a new study released today by the Investment Company Institute. [http://www.ici.org/statements/nr/08\\_news\\_proxy.html#TopOfPage](http://www.ici.org/statements/nr/08_news_proxy.html#TopOfPage)

The International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Committee has released two new proposed International Good Practice Guidance documents for public comment. The proposed guidance addresses evaluating and **improving governance structures** and use of costing to support effective decision making. <http://www.ifac.org/MediaCenter/?q=node/view/575>

The **International Accounting Standards Board (IASB) today published for public comment proposals to simplify the calculation of earnings per share (EPS)** and to eliminate differences between the methods required by International Financial Reporting Standards (IFRSs) and US accounting standards to calculate EPS. <http://www.iasb.org/News/Press+Releases/IASB+proposes+amendments+to+simplify+and+achieve+convergence+in+the+calculation+of+EPS.htm>

The number of **material weaknesses large companies are reporting has plunged in the last two years**, according to an exclusive Compliance Week analysis—further evidence that Section 404 of Sarbanes-Oxley, as onerous as it is, has compelled a dramatic improvement in companies' internal control over financial reporting. [http://www.complianceweek.com/index.cfm?fuseaction=article.viewArticle&article\\_ID=4380](http://www.complianceweek.com/index.cfm?fuseaction=article.viewArticle&article_ID=4380)

The OECD is inviting public comment on **draft guidelines to help pension regulators and supervisory authorities improve pension fund governance**. They are part of a broader OECD effort to strengthen public confidence in private pension systems.

[http://www.oecd.org/document/45/0,3343,en\\_2649\\_34487\\_41088685\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/45/0,3343,en_2649_34487_41088685_1_1_1_1,00.html)

The Securities and Exchange Commission today voted unanimously to provide new guidance **to public companies about how to comply with the securities laws while developing their Web sites** to serve as an effective means for disseminating important information to investors. <http://www.sec.gov/news/press/2008/2008-158.htm>

US – **SEC guides on permitted use of soft dollars**. The SEC approved guidance for investment company boards in their oversight of money managers' use of "soft dollars". The guidance aims to help directors figure out "when it's necessary or advisable to rein in the use of soft dollars," SEC Chairman Christopher Cox said. While no new restrictions or requirements on fund directors or investment advisors are imposed under the guidance, it would be likely to require managers to provide boards with additional information regarding selection of broker-dealers, selection of execution venues, and receipt of research in connection with fund brokerage commissions.

<http://www.sec.gov/news/press/2008/2008-160.htm>

Research on Financial Reporting Simplification: Understanding Investor Decision Making Behavior and Disclosure Preferences

[http://pwc.blogs.com/corporatereporting/files/research\\_on\\_financial\\_reporting\\_simplification.pdf](http://pwc.blogs.com/corporatereporting/files/research_on_financial_reporting_simplification.pdf)

The Enhanced Business Reporting Consortium (EBRC) and Knowledge@Wharton are teaming up to **study how individuals prefer to receive business information** and how companies can improve the quality and delivery of their financial reporting.

<http://www.zoomerang.com/Survey/survey.zgi?p=WEB227UQ82QGWK>

And the results

[http://pwc.blogs.com/corporatereporting/files/ebrc\\_and\\_knowledgewharton\\_survey.pdf](http://pwc.blogs.com/corporatereporting/files/ebrc_and_knowledgewharton_survey.pdf)

A Lot to Learn: Many **Sovereign Wealth Fund Managers Come up Short in Measures of Sophistication**. Many public funds don't adhere to basic norms of modern money management and most don't even appear to make an effort to match their investment strategies with their future financial obligations.

<http://knowledge.wharton.upenn.edu/article.cfm?articleid=2026>

**SEC set to overhaul data filing system EDGAR**, the computer database for filing documents with the U.S. Securities and Exchange Commission, is giving way to a new system that aims to let investors more easily analyze corporate reports and other financial information. <http://uk.reuters.com/article/technologyNews/idUKN1928857220080819>  
<http://www.sec.gov/spotlight/idea.shtml>

Analysts criticize sloppy guidance in Europe. Companies in continental Europe are consistently failing to provide certain analysts and investors with adequate guidance. Some 50 percent of buy-side respondents and 60 percent of sell-side respondents in IR magazine's Investor Perception Study, Continental Europe 2008/2009\* claim they are not receiving the specific information they need.  
[http://www.thecrossbordergroup.com/pages/165/IR+magazine.stm?article\\_id=12881](http://www.thecrossbordergroup.com/pages/165/IR+magazine.stm?article_id=12881)