

## Update – December 2008

### Regulation.

The International Accounting Standards Board (IASB) published for public comment proposals to require entities to provide **additional disclosures on all investments in debt instruments**, other than those classified in the fair value through profit or loss category.

<http://www.iasb.org/News/Press+Releases/IASB+proposes+additional+disclosures+for+investments+in+debt+instruments.htm>

The Financial Services Authority (FSA) has today published a feedback statement following its review of the structure of the Listing Regime. The proposed changes will provide further clarity to the Listing Regime and help maintain the integrity of the UK markets enabling issuers and investors to make informed decisions. In particular, the paper sets out proposals on how the UK listing regime can be clearly marked out into 'Premium' and 'Standard' so market participants understand the differences in the obligations issuers have to meet. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/143.shtml>

Electronic communications, websites and information rights statement by the code committee of the Panel. This Response Statement sets out the response of the Code Committee of the Takeover Panel to the external consultation process in relation to the proposals in PCP 2008/3 ("Electronic communications, websites and information rights") issued by the Code Committee on 18 July.

<http://www.thetakeoverpanel.org.uk/new/consultation/DATA//RS200803.pdf>

The Dutch Corporate Governance Monitoring Commission has published an updated edition of the Dutch Corporate Governance Code.

European Commission Consults on Hedge Fund Regulation. On December 17, the European Commission published a consultation paper seeking views on whether regulation and supervision of hedge funds should be reassessed. The consultation follows from an initiative of the European Parliament demanding regulation of hedge funds and private equity funds.

[http://ec.europa.eu/internal\\_market/consultations/docs/hedgefunds/consultation\\_paper\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/hedgefunds/consultation_paper_en.pdf)

## Best practice/ new research.

**Shareholder activism: a likely increase in 2009** according to a report by Schulte Roth & Zabel and mergermarket. The crisis in credit markets and the deepening economic outlook look set to lead to greater shareholder resistance to managements of European companies proposing contentious issues on remuneration and option plans, capital increases and the adoption of anti-takeover measures.

[http://www.srz.com/files/News/c507c227-a548-4d4a-9aa9-007edf46a3d8/Preview/NewsAttachment/d477ad0f-c6c2-4b7a-a41c-000464c22968/Shareholder\\_Activism\\_Insight11.08.pdf](http://www.srz.com/files/News/c507c227-a548-4d4a-9aa9-007edf46a3d8/Preview/NewsAttachment/d477ad0f-c6c2-4b7a-a41c-000464c22968/Shareholder_Activism_Insight11.08.pdf)

### **Research Indicates Lack of Impact of Short Selling Restrictions Globally**

Academic research from Professor Ian Marsh and Norman Niemer of Cass Business School, London, has been released by ISLA, AIMA and LIBA today, which finds no strong evidence that the emergency short selling restrictions imposed in various markets around the world have changed the behaviour of stock returns.

[http://www.aima.org/en/media\\_centre/press-releases.cfm/id/8D6BF366-98D4-4DDE-82E08213B90AF667](http://www.aima.org/en/media_centre/press-releases.cfm/id/8D6BF366-98D4-4DDE-82E08213B90AF667)

The Institute of Chartered Secretaries and Administrators is looking to raise the debate by launching a **national awards scheme to reward best practice in corporate governance reporting**. It is concerned that companies are focusing on environmental and social issues in the arena of corporate responsibility, with governance disclosure being “left behind”. <http://www.icsa.org.uk/assets/files/pdfs/Press/Awards4.pdf>

Placing sustainability at the core of every business is fundamental to good business practice. ICAEW have launched a **unique e-learning tool**, the Business Sustainability Programme, which is available to all and **addresses the financial perspective of corporate responsibility**. The Business Sustainability Programme (BSP) is a practical and easy to use e-learning programme divided into five key modules. It delivers training in designing, implementing, measuring the performance of and reporting on Corporate Responsibility strategy.

[http://www.icaew.com/index.cfm/route/162392/icaew\\_ga/en/Home/Press\\_and\\_policy/Press\\_releases/Unique\\_Business\\_Sustainability\\_e\\_learning\\_programme\\_launched](http://www.icaew.com/index.cfm/route/162392/icaew_ga/en/Home/Press_and_policy/Press_releases/Unique_Business_Sustainability_e_learning_programme_launched)

Valuing Brands in the UK Economy, a study into the economic contribution of branding to the UK, was published in December 2008. It was commissioned from Westminster Business School by the British Brands Group to help build **understanding of the wealth generated by branding** and to quantify the contribution it makes to the economic health of the country. <http://www.britishbrandsgroup.org.uk/pages/the-value-of-brands>

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The Principles for Responsible Investment (PRI) has today announced plans to launch the first global, non-commercial database, dedicated to showcasing investment research which focuses on environmental, social and governance (ESG) issues and provides enhanced analysis to asset managers and owners. The plans are a decisive move to extend the availability of enhanced investment research among PRI's global signatory base.  
[http://www.enhancedanalytics.com/portal/Library/Documents/EAI/NEWS/en\\_LIB05334.pdf](http://www.enhancedanalytics.com/portal/Library/Documents/EAI/NEWS/en_LIB05334.pdf)

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## US news

**SEC Adopts Rules Requiring Issuers to Provide Financial Information in Interactive Data Format.** On December 17, the Securities and Exchange Commission adopted rules requiring issuers to provide financial statements in interactive data format using eXtensible Business Reporting Language (XBRL) in periodic reports and registration statements filed with the SEC. The interactive data will be filed as an exhibit to an issuer's financial statements and will supplement disclosure filed using the SEC's traditional EDGAR electronic filing format. The XBRL requirements apply to domestic and foreign companies using U.S. GAAP, and will eventually apply to foreign private issuers using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.  
<http://sec.gov/news/press/2008/2008-300.htm> <http://sec.gov/news/speech/2008/spch121708mwg.htm>

**FEI news on implications of XBRL announcement** At an open commission meeting on Dec. 17, 2008 the SEC voted to issue a final rule requiring financial statements and certain other information to be filed with the SEC in interactive data format, specifically, using eXtensible Business Reporting Language (XBRL). In related news, the SEC also launched its IDEA system, which will supplement, and eventually replace, the EDGAR system.

**Understanding and Dealing with Unsponsored ADR Programs.** Changes to United States securities regulations allowing U.S. investors **to trade in shares of more non-U.S. companies than was previously possible.** Many of the companies that have been the target of this trading were caught unaware by these developments, have expressed concern that they may not meet the requirements necessary for that trading to occur and are unsure what they should do in response. This memorandum attempts to address these questions and concerns.  
[http://www.adr.com/Common/DownloadContent.aspx?filename=2008-11-21T121826973Shearman-Unsponsored ADR Programs.pdf](http://www.adr.com/Common/DownloadContent.aspx?filename=2008-11-21T121826973Shearman-Unsponsored%20ADR%20Programs.pdf)

In anticipation of Congressional action on a **say-on-pay** bill, boards are starting to lay the groundwork to ease the implementation of such a policy. The changing of the guard in Washington makes a say-on-pay bill all but inevitable, say experts. With legislation looming, the issue is increasingly being raised in director education courses. And some directors are asking for the advice of boards that have voluntarily adopted say on pay. Of course, at this point, boards with experience in this area are still rare: Only nine known public companies give their shareholders a nonbinding vote on executive pay.  
[http://www.shareholderforum.com/sop/Library/20081222\\_Agenda.htm](http://www.shareholderforum.com/sop/Library/20081222_Agenda.htm)

Over the last several years, the IPO market in the United States has practically disappeared. While conventional wisdom may say the U.S. IPO market is going through a cyclical downturn, exacerbated by the recent credit crisis, many are beginning to share a view of a new and much darker reality: The market for underwritten IPOs, given its current structure, is closed to most (80 percent) of the companies that need it.

In this white paper, Grant Thornton LLP explores the history of the IPO market, what led us to this crisis, and our ideas for a new, opt-in stock market capable of reinvigorating the U.S. IPO market. The argument is presented that technological, regulatory and legislative change have combined to chisel away at the U.S. IPO market.  
<http://www.grantthornton.com/portal/site/gtcom/menuitem.8f5399f6096d695263012d28633841ca/?vgnextoid=268f3429935bd110VgnVCM1000003a8314acRCRD&vgnnextchannel=5bbe3429935bd110VgnVCM1000003a8314acRCRD>