

Regulatory Update – July 2008

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>

Nine European and global trade associations today released “Ten Industry Initiatives to Increase Transparency in the European Securitisation Markets” to enhance transparency for investor, markets and regulators by mid-2008.

http://www.europeansecuritisation.com/Communications/Archive/Current/Joint%20release_tr ansparency%20initiatives%20Jul08.pdf

Allocations into hedge funds slowed to their lowest quarterly level since Q4 2005 as volatile financial markets prompted investors to adjust strategy exposures, according to information released today by Hedge Fund Research (HFR), a leading hedge fund industry data provider.

https://www.hedgefundresearch.com/pdf/pr_20080718.pdf

The Securities and Exchange Commission today announced that the SEC and other securities regulators will immediately conduct examinations aimed at the prevention of the intentional spread of false information intended to manipulate securities prices. The examinations will be conducted by the SEC's Office of Compliance Inspections and Examinations, as well as the Financial Industry Regulatory Authority and New York Stock Exchange Regulation, Inc.

<http://www.sec.gov/news/press/2008/2008-140.htm>

Britain's Financial Services Authority will introduce stronger disclosure rules on derivative positions used to build stakes in companies, responding to calls for greater market transparency.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/064.shtml>

SEC looks to extend short rule to entire market despite industry concerns, while Britain defends its rules. The U.S. SEC said it plans to broaden an emergency rule to curb abusive short selling, despite opposition from the hedge fund industry and other short sellers. Guidance Regarding the Commission's Emergency Order Concerning Short Selling.

<http://www.sec.gov/divisions/marketreg/emordersshortsalesfaq.htm>

Investor proposals have little market impact-study. Shareholder proposals do not significantly boost a company's stock-market value in the short-run or long-run, according to a study by the U.S. Chamber of Commerce. Amid debate about how much say investors should have in corporate governance, the study found that shareholder attempts to use a company's proxy ballot as a reform tool did not result in a higher stock price or better operating performance.

http://www.uschamber.com/press/releases/2008/july/080718_secproxy.htm

SWFs could own 5 pct of world firms-study. Sovereign wealth funds could collectively own more than 5 percent of the world's major companies over time and their desire to diversify into equities would push real bond yields to rise, State Street said. The bank, which manages more than \$270 billion for sovereign clients, says SWFs represent a source of additional demand for financial

Transparency Matters Ltd

Please visit our website at www.transparencymatters.co.uk

Contact us on 07957 430333 or by email at Mark@transparencymatters.co.uk

assets as they diversify their assets, which it estimates are growing by at least 17 percent a year. http://pr.statestreet.com/us/en/20080723_1.html

Pension funds turning to bonds-survey. More than half of European fund management companies have dedicated additional resources to fixed income markets as they face up to the impact of turbulent stock markets. http://www.pensionstrategies.co.uk/MungoBlobs/895/914/latest_research_080722.pdf

American and global depositary receipt (DR) trading value increased during the first six months of 2008, according to The Bank of New York Mellon, the world's leading depositary bank. More than \$2.4 trillion of DRs traded on U.S. and non-U.S. markets and exchanges during the first half of 2008, up 85% year-on-year. <http://www.bnymellon.com/pressreleases/2008/pr071408b.html>

NEW YORK-based broker Auerbach Grayson & Company, Inc., which specializes in providing global trade execution and research to leading US institutional investors, is providing its clients with a huge global library of equity research reports in eXtensible Business Reporting Language (XBRL) format. <http://www.agco.com/XBRL.aspx>

The Financial Services Authority (FSA) will consult on a proposal that financial institutions in receipt of liquidity support from a central bank will have a legitimate interest for delaying the public disclosure of such support. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/075.shtml>

The Alternative Investment Management Association (AIMA) – the global hedge fund industry association - has announced it is to publish the world's first global guide to sound practices for fund of hedge funds managers. The guide – which is due for publication in early 2009 - is being developed by some of the world's leading fund of funds practitioners. It will focus on areas including risk management, disclosure to investors, valuation, management of conflicts of interest and other operational issues. <http://www.aima.org/uploads/AIMAtodevelopfirstGtoSPforFoHF.pdf>

Enhanced analytics initiative publishes results of its eighth evaluation of investment research. Quality of extra-financial research continues to improve; strong showings from providers despite the current market turbulence. Citigroup, Goldman Sachs and Société Générale ranked 'outstanding'. http://www.enhancedanalytics.com/portal/Library/Documents/EAI/NEWS/en_LIB04172.pdf

Ecofin welcomed initiatives undertaken by the industry to improve transparency for investors, markets and regulators of securitized markets. It takes note of the commitments to develop good practices guidelines on securitisation disclosure, to issue on a quarterly basis an Industry Market Data Report, to supplement it with specific information on the secondary market and to implement initiatives to enhance information to investors. The Council invites the Commission to closely monitor the implementation of these initiatives and to report back to the EFC and the Ecofin in early September." <http://www.europeansecuritisation.com/dynamic.aspx?id=1528>

Black Sun launched the findings of its latest research into FTSE 100 corporate reporting, with a number of corporate representatives admitted that their company still find it difficult to disclose forward looking information, confirming Black Sun's latest research findings which identify forward looking information as one of the most challenging reporting areas. <http://www.blacksunplc.co.uk/company/news/view.jsp?id=138>