

## Regulatory Update – March 2009

### Consultations and reviews

Independent review of corporate governance of UK banking industry by Sir David Walker The Chancellor of the Exchequer, the Secretary of State for Business, Enterprise and Regulatory Reform and the Financial Services Secretary to the Treasury today announced a review to recommend measures to improve the corporate governance of UK banks, particularly with regard to risk management.  
[http://www.hm-treasury.gov.uk/press\\_10\\_09.htm](http://www.hm-treasury.gov.uk/press_10_09.htm)

ABI reaction to launch of review of corporate governance in UK banking Responding to the launch of a review, to be chaired by Sir David Walker, to improve corporate governance of UK banks, Peter Montagnon, the ABI's Director of Investment Affairs, said: "This Review seems to be a sensible way forward, as it does not just focus on remuneration, but looks at the wider issues. The ABI is already examining how institutional shareholders can be more effective.  
<http://www.abi.org.uk/Newsreleases/viewNewsRelease.asp?nrid=17278>

The AMF has welcomed the report of a working party on short selling, which advises a) that short selling per se is to be welcomed, b) reporting to the regulator of price and volume per transactions, and c) market disclosure of net positions great than 0.25%.

(In French only)

[http://www.amf-france.org/documents/general/8732\\_1.pdf](http://www.amf-france.org/documents/general/8732_1.pdf)

In a discussion paper (DP) issued today, the Financial Services Authority (FSA) has proposed a general short selling disclosure requirement for all UK listed stocks. The proposals follow a comprehensive review of short selling undertaken since the FSA introduced its temporary ban in September 2008.  
<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/023.shtml>

The AMF has examined possible amendments to the rules governing initial public offerings (IPOs) on the regulated market. The changes concern:

- Allotment to retail investors

Some of the securities offered in an IPO are allotted as a matter of priority to retail investors. The purpose of this measure is to ensure that individuals can access the primary market and benefit from the IPO discount, if any; -

Mandatory 15% selling price range. If an IPO is made at unknown price, the AMF requires the shares to remain within a mandatory range of 7.5% either side of a central price. In practice, however, this rule can be difficult to enforce.

[http://www.amf-france.org/documents/general/8714\\_1.pdf](http://www.amf-france.org/documents/general/8714_1.pdf)

## EU WANTS VIEWS ON REVISING THE ACCOUNTING DIRECTIVES

The European Commission thinks it's time to revisit the fourth and seventh company law directives, the ones dealing with accounting and corporate reporting, with an eye to making it easier for small companies to comply without losing the rigour needed in large entities.

[http://ec.europa.eu/internal\\_market/consultations/2009/company\\_law\\_dir\\_en.htm](http://ec.europa.eu/internal_market/consultations/2009/company_law_dir_en.htm)

## News

Following extensive consultation and to help improve transparency in current market conditions, the new disclosure regime for Contracts for Difference (CfDs) will now take effect from 1 June 2009.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/034.shtml>

On February 26, the UK Financial Services Authority (FSA) published issue 31 of its Market Watch newsletter. This issue of Market Watch focuses on transaction reporting. [http://www.fsa.gov.uk/pubs/newsletters/mw\\_newsletter31.pdf](http://www.fsa.gov.uk/pubs/newsletters/mw_newsletter31.pdf)

The European Commission will review the fourth and seventh company law directives, dealing with accounting and corporate reporting.

[http://ec.europa.eu/internal\\_market/consultations/2009/company\\_law\\_dir\\_en.htm](http://ec.europa.eu/internal_market/consultations/2009/company_law_dir_en.htm)

EU report rejects centralised supervision The high-level group empanelled by the European Union to plot a path through the wilderness of financial regulation has urged the EU to use a single map, but many guides. Against expectations, the panel, headed by Jacques de Larosière, decided against calling for a single super-regulator.

[http://ec.europa.eu/internal\\_market/finances/docs/de\\_larosiere\\_report\\_en.pdf](http://ec.europa.eu/internal_market/finances/docs/de_larosiere_report_en.pdf)

FSA have decided to reduce the Listing Rules' minimum rights issue subscription period to ten business days. This is a minimum duration and issuers and their advisers are free to conduct their rights issues over a longer period as they see fit. [http://www.fsa.gov.uk/pubs/policy/ps09\\_02.pdf](http://www.fsa.gov.uk/pubs/policy/ps09_02.pdf)

## US.

A coalition of institutional investors and public interest groups today put nine companies on a 'climate watch' list in an attempt to push them to develop and disclose strategies for responding to climate change. The nine companies, including ExxonMobil, Chevron and Southern, lag their peers in reporting the business challenges that climate risk presents and have poor or unproductive



engagement with shareholders on the issue, says Mindy Lubber, president of Ceres, who helped organize the protest.

SEC Commissioner Walter expressed her view that the Commission should move forward with actions to enhance shareholder participation and promote greater board accountability in five areas: • proxy access, • upgrading disclosures to shareholders on director nominees, • harnessing technology to improve shareholder access to company information, • acting on proposed NYSE amendments to eliminate uninstructed broker votes in director elections, and • adopting rules instituting “Say-on-Pay” for shareholders of all public companies. <http://www.sec.gov/news/speech/2009/spch021809ebw.htm>