

## Regulatory Update – November 2008

### UK

FSA are consulting on a proposal to amend the Model Code allow persons discharging managerial responsibilities of listed companies the ability to enter into trading plans. This would allow them to deal in both non-prohibited and prohibited periods, provided that the terms of the plan were fixed outside a prohibited period.

[http://www.fsa.gov.uk/pubs/cp/cp08\\_16.pdf](http://www.fsa.gov.uk/pubs/cp/cp08_16.pdf)

FSA reiterates concern over spreading rumours. The Financial Services Authority devoted most of issue 30 of its Market Watch newsletter to emphasising its concerns over the spreading of false or misleading rumours about listed companies. In order to help firms address the issue, the FSA sets out in Market Watch 30 examples of good and poor practices identified from its thematic work with respect to rumours.

[http://www.fsa.gov.uk/pubs/newsletters/mw\\_newsletter30.pdf](http://www.fsa.gov.uk/pubs/newsletters/mw_newsletter30.pdf)

FRC update for directors of listed companies: going concern and liquidity risk.

<http://www.frc.org.uk/images/uploaded/documents/FRC%20an%20update%20for%200directors%20of%20listed%20companies%20Nov%20083.pdf>

The Audit Committee Institute has conducted research into the business reviews and narrative reporting of the FTSE 100.

<http://www.kpmg.co.uk/pubs/beforepdf.cfm?PubID=2628>

What is the FSA doing about market abuse in the current market conditions? I would say three things, said Jamie Symington, Head of Wholesale Department, FSA.

[http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2008/1106\\_js.shtml](http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2008/1106_js.shtml)

The Financial Services Authority has fined the former British ambassador to Peru and the former executive chairman of AIM-listed mining company, Monterrico Metals Plc (Monterrico) for dealing in Monterrico's shares on the basis of inside information.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/133.shtml>

UK: Rights Issue Review Group report and recommendations including on pre-emption rights [http://www.hm-treasury.gov.uk/d/pbr08\\_rightsissue\\_3050.pdf](http://www.hm-treasury.gov.uk/d/pbr08_rightsissue_3050.pdf)

The Institute of Chartered Secretaries and Administrators (ICSA) is today launching its national awards scheme to reward best practice in corporate governance reporting. <http://www.icsa.org.uk/assets/files/pdfs/Press/Awards.pdf>

Following its latest programme of visits to assess UK-based hedge funds' controls for monitoring staff trading activity and preventing market abuse, the Financial Services Authority said there was "scope for improvement". [http://www.fsa.gov.uk/pubs/newsletters/mw\\_newsletter29.pdf](http://www.fsa.gov.uk/pubs/newsletters/mw_newsletter29.pdf)

## INTERNATIONAL

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today announced the high-level advisory group formed to consider financial reporting issues arising from the global economic crisis. <http://www.iasb.org/News/Press+Releases/Hans+Hoogervorst+and+Harvey+Goldsc+hm+d+to+co-chair+advisory+group+considering+financial+reporting+is.htm>

CESR published a feedback statement regarding its statement on fair value measurement and related disclosures of financial instruments in illiquid markets. [http://www.cesr-eu.org/index.php?page=home\\_details&id=345](http://www.cesr-eu.org/index.php?page=home_details&id=345)

AMF publishes its 2008 report on corporate governance and internal control. Not yet fully in compliance with risk provisions outlined in company law. [http://www.amf-france.org/documents/general/8588\\_1.pdf](http://www.amf-france.org/documents/general/8588_1.pdf)

Shareholders can play a leadership role in helping resolve the financial crisis, providing they are given sufficient rights to do so, the International Corporate Governance Network (ICGN) says. [http://www.icgn.org/news/releases/fcrisis\\_release\\_10nov2008.php](http://www.icgn.org/news/releases/fcrisis_release_10nov2008.php)

CESR updates the list of measures recently taken by Members regarding short-selling. A very useful country by country guide to rule changes on short selling. <http://www.cesr.eu/popup2.php?id=5238>

Australian Securities and Investments Commission said it would, as expected, lift the current ban on short selling of non-financial securities from opening of trading on 19

November 2008 but would continue the ban on covered short sales in financial securities. The ban on short selling of financial securities will remain in place until at least 27 January next year, consistent with many other jurisdictions, while ASX will maintain the ban on naked short selling indefinitely.

<http://www.fido.asic.gov.au/asic/asic.nsf/byheadline/AD08-65+ASIC+lifts+ban+on+covered+short+selling+for+non-financial+securities?openDocument>

The European Commission proposed strict regulation of credit rating agencies in response to the financial crisis, which the EU executive believes was partly triggered by companies like Fitch and Moody's.

<http://www.euractiv.com/en/financial-services/brussels-cracks-rating-agencies/article-177108>

Eighty percent of the top 250 companies in the world now release corporate responsibility data in standalone reports or integrated into annual financial reports, says KPMG survey. <http://www.kpmg.com/SiteCollectionDocuments/International-corporate-responsibility-survey-2008.pdf>

European Fund Management Association and the International Money Market Funds Association

The Alternative Investment Management Association said that the lucrative fees charged by funds will have to fall and 80 percent of funds with less than \$100 million under management would likely fold. <http://www.aima.org/>

SEC proposes roadmap for use of financial statements prepared in accordance with ifrs. The Securities and Exchange Commission has proposed a roadmap for the use of financial statements prepared in accordance with International Financing Reporting Standards (IFRS) in connection with SEC filings by public companies.

<http://www.sec.gov/rules/proposed/2008/33-8982.pdf>

US ADR banks can register unsponsored ADRs on the equity securities of any non-US company that automatically qualifies for an exemption from US registration by meeting certain ongoing trading and web disclosure requirements.

<http://www.sec.gov/rules/final/2008/34-58465.pdf>