



REGULATORY UPDATE – September 2007

Commenting on the release of a communication from the European Commission on the simplification of EU rules on company law, accounting and auditing, Jacques Potdevin, President of FEE said: “This consultation is welcomed as today's proposals to reduce EU rules will struggle to deliver the expected and much needed reduction of administrative costs, most of which originate from regulatory requirements at national level.

http://www.fee.be/news/default.asp?library_ref=2&category_ref=11&content_ref=700

The Australian Stock eXchange Corporate Governance Council has released its revised Corporate Governance Principles and Recommendations.

http://www.asx.com.au/about/pdf/mr20070802_revised_corporate_governance_principles.pdf

“Activist” hedge funds and private equity firms can help strengthen corporate governance by increasing the number of investors that have an incentive to make active and informed use of their shareholder rights, a **Organisation for Economic Co-operation and Development** (OECD) panel has reported.

The 2007 Shareholder Engagement Survey, published today by the National Association of Pension Funds (NAPF), shows that Britain’s largest pension funds are actively engaging with the companies in which they invest.

http://www.napf.co.uk/DocumentArchive/Press%20Releases/03_2007/20070813_13-08-2007%20-%20Pension%20Funds%20Engagement%20is%20getting%20results.pdf

The European Commission has published two reports on Member States' application of EU recommendations on company directors' pay and independence. Both reports conclude that the application of corporate governance standards has improved, but some weaknesses remain. The report on directors' remuneration shows that transparency standards are widely followed, but in some Member States it is still not recommended that shareholders vote on this issue.

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1147&format=HTML&aged=0&language=EN&guiLanguage=en>

Last month, the UK's Shareholder Voting Working Group, which is made up of some of the most influential shareholder groups in the UK, highlighted recurring problems in voting disclosure and implementation. An OECD report last month pointed out that these kind of techniques increasingly test voting systems. It said the rise of hedge fund activism, in particular, had led to closely-fought corporate votes on board



elections, for example. "These battles have raised questions about the integrity and efficiency of the existing mechanisms to identify, process and execute voting rights." <http://www.oecd.org/dataoecd/47/27/38672168.pdf>

The Nasdaq Stock Market announced the Securities and Exchange Commission has approved NASDAQ's new centralized trading and negotiation system for 144A securities. The fully automated Web-based platform, an outgrowth of NASDAQ's 17-year old PORTAL system, is the first centralized electronic system for displaying and accessing trading interest in 144A issues.

<http://www.nasdaq.com/newsroom/news/newsroomnewsStory.aspx?textpath=pr2007%5CACQPMZ200708010800PRIMZONEFULLFEED124065.htm&year=08/01/2007%20+8%3A00AM>

SEC Advisory Committee on Improvements to Financial Reporting is soliciting public comment on a discussion paper prepared by the Committee Chairman, Robert Pozen. The discussion paper provides a working outline, including a discussion of issues, views and potential consideration points that the Committee may evaluate.

<http://www.sec.gov/rules/other/2007/33-8836.pdf>

Environmental groups may shortly seek new regulations from the Securities & Exchange Commission (SEC) that would force companies in their annual or quarterly SEC filings to disclose their financial risks posed by climate change regulations and litigation, an environmental attorney said. The development comes amid a new report from KPMG and the non-profit Global Reporting Initiative

http://www.ethical-insight.com/issue71/analysis_6.html

An analysis by creative communications consultancy, Radley Yeldar, has revealed widespread confusion amongst FTSE 100 companies about the requirements of the new Interim Management Statements (IMS). <http://www.radley-yeldar.com/news/news/?id=5336>