

NEWS FROM ECODA...

➤ EcoDa is pleased to announce that the Finnish institute (*hallitusammattilaiset*) has joined us on the 1st of October.

NEWS FROM EU...

➤ The European directive on **cross-border mergers** of limited liability companies has been published.

See: http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/l_310/l_31020051125en00010009.pdf

➤ A **Directive on Shareholders' Rights** is intended to help facilitate the exercise of basic shareholders' rights and solve problems in the cross-border exercise of such rights, particularly voting rights. A draft directive is expected before the end of 2005.

➤ Commissioner McCreevy indicated at the European Corporate Governance Conference that he would issue "in the next few weeks" a **consultation on the future priorities of the Company Law and Corporate Governance Action Plan**, in December. The consultation would take place over a three-month period. See: <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/683&format=PDF&aged=0&language=EN&guiLanguage=e>

➤ The Council agreed in October on rules aimed at improving the **reliability of company financial statements** and on new capital adequacy requirements for banks and investment firms, as amended by the European Parliament in first reading. The directive broadens the scope of application of EU legislation (directive 84/253/EEC) by specifying the duties of

statutory auditors, their independence and ethics, by introducing requirements for external quality assurance, ensuring better public oversight over the audit profession and improving cooperation between oversight bodies in the EU. It also amends existing directives 78/660/EEC and 83/349/EEC on accounting.

As part of the 8th Company Law Directive on statutory audit, the Commission intends to issue before the end of 2006 a report which will examine the impact of liability rules for carrying out statutory audits on European capital markets and insurance conditions. If appropriate, it will be followed by recommendations to Member States. As a first step, early in 2006 the Commission will launch a study on the economic impact of alternative liability regimes, competition in the market and availability of insurance.

➤ In November, the European Commission has adopted a Regulation endorsing the **amended International Accounting Standard (IAS) N° 39** on Financial Instruments: Recognition and Measurement, the "Fair Value Option". This text was unanimously supported by Member States at the Accounting Regulatory Committee and by the European Parliament. Adoption is retroactive to 1st January 2005, so that companies will be able to apply the amended standard for their 2005 financial statements.

➤ The European Commission has adopted a proposal for a Code of Conduct that would standardise the documentation that multinationals must provide to tax authorities on their **pricing of cross-border intra-group transactions**. See: <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/1403&format=PDF&aged=0&language=EN&guiLanguage=en>

INTERNATIONAL NEWS ...

➤ The International Chamber of Commerce has created a **Task Force on European Contract Law** to respond to the European project of creating a single legislative text which modernises and simplifies the company law directives under the new principles of better regulation.

To subscribe to this task force: cnfcci@dial.oleane.com

Speech of Charlie McCreevy, European Commissioner for Internal Market and Services, on the Future of the Company Law Action Plan : <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/702&format=PDF&aged=0&language=EN&guiLanguage=en>

➤ The OECD has published in October Guidelines on Corporate Governance on State-owned enterprises. These new Guidelines provide the first international benchmark to help governments assess the way they exercise their ownership responsibilities vis-à-vis state-owned enterprises (SOEs). See: <http://www.oecd.org/dataoecd/46/51/34803211.pdf>

ARTICLES:

▶ "A Team Production Model of Corporate Governance Revisited", Allan Kaufman and Ernie Englander,

See:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=410080

▶ "Corporate Governance Changes in the Wake of the Sarbanes-Oxley Act: A Morality Tale for Policymakers Too", Harvard Law and Economics Discussion Paper No. 525, Robert Charles Clark Harvard Law School

See:

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=808244

CALENDAR

▶ *Alternative Views of Corporate Governance* is the subject of the Conference sponsored by ETH Zurich, the European Corporate Governance Training Network, the Review of Finance, and the Wharton Financial Institutions Center on **10 March 2006** in Zurich.

▶ EcoDa is planning a conference on ethics next **4 April** in Brussels.