

➤ **Upcoming events:** ecoDa is organising a **conference on "CSR: What's in it for directors?"**, on **17 April 2007**, in Brussels at residence Palace, at 14.30. We expect Richard Howitt from the EP, Pierre Delsaux from the European Commission, and representatives from Skoda, Euronext, ETUC, Euroshareholders, Eurosif, PricewaterhouseCoopers and academics. If interested, please fill the subscription form to be found at: <http://www.ecoda.org/conference.html>

➤ **Reduced affiliation fees for directors:** The **multipartite convention** between three members of ecoDa (ILA, AB and IFA) is in force. It offers to their affiliates the right to join another institute of directors provided reduced fees. This convention will be extended to the other members of ecoDa willing to join.
See: <http://www.ecoda.org/>

➤ **New position paper:** ecoDa has just taken a position paper on one share one vote. For ecoDa, companies should not be prevented from deviating from the 1S1V principle. Where there is a deviation from the 1S1V principle, there should be appropriate disclosure and transparency on the nature and impact of the instruments used. ecoDa repeated also that shareholders' participation is the key issue to promote fairness between shareholders.
See: <http://www.ecoda.org/policy.html>

NEWS FROM ECODa'S MEMBERS...

➤ The **Slovenian Corporate Governance Code** for Joint Stock Companies has just been amended in the area of the management and supervisory



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boards, by novelties related to the general meeting, by mandatory audit committee, restricted number of membership on boards of directors, by provisions on the treatment of minority shareholders...

See: <http://www.zdruzenje-ns.si/>

NEWS FROM EU...

➤ The European Parliament reached agreement in a single reading on the proposal for a directive on **shareholder voting rights** on 15 February. Pervenche Berès invited the Commission to pay attention to employees' shareholding and to stability of shareholding in European companies. The European Commission will take a recommendation on shareholders' rights in parallel with the directive. This recommendation will address stock lending and depositary receipts, language to be used for documents to be submitted to the General Meeting, role and notion of investors and intermediaries.

See: <http://www.europarl.europa.eu/sides/>

➤ According to a recent report on the **takeovers directive**, it seems that the European Commission failed in abolishing "poison pills". The Directive allows Member States to exempt their companies from applying the directive's provisions if the bidder is not subject to the same obligations. A large number of Member States have used these options and exemptions, and some have even strengthened the role of the management with regard to using takeover defences against a bidder.

See: <http://ec.europa.eu/internalmarket/>

➤ Commissioner McCreevy repeated that he has no intention to regulate **hedge funds**. "*Aggressive corporate action by private equity funds has helped ensure that the businesses in which they invest adapt to the realities of rapidly changing markets*". The Commissioner welcomed a recent decision by the President's working group on financial markets to step back from further regulation and instead issue guidelines that are designed to encourage hedge funds, investors and creditors more effectively to monitor risk. The German Presidency is still pushing for more transparency on hedge funds. Finance ministers, who got together at a G7 meeting in Essen on 9-10 February 2007, said they would follow up on the role of hedge funds in the stability of international financial markets and asked the Financial Stability Forum to draft a report on the issue.

See:

<http://europa.eu/rapid/pressReleases>
<http://www.eurunion.org/news/press/>

➤ Pervenche Berès was re-elected as Chairwoman of the **Committee on Economic and Monetary Affairs**.

See:

<http://www.europarl.europa.eu/activities>

➤ The European Commission has welcomed new rules proposed by the US **Securities and Exchange Commission (SEC)** that would make it much easier for non-US companies listed on US capital markets to deregister from those markets at a time of their choosing, once certain criteria have been fulfilled.

See:

http://ec.europa.eu/internal_market/

➤ The French Association of Investment Firms ('AFEI'), the Italian Association of Financial Intermediaries ('ASSOSIM'), the London Investment Banking Association ('LIBA') and the Swedish Securities Dealers Association ('SSDA') are forming a common grouping to help jointly promote the interests of their members in Europe; the **European Forum of Securities Associations** ('EFSA').

See : <http://www.efsa-securities.eu/>

➤ The European Commission has appointed the seven members of the **Standards Advice Review Group**, whose task is to advise the Commission on the endorsement process of **International Financial Reporting Standards (IFRS)** and International Financial Reporting Committee Interpretations (IFRICs). It will assess whether the European Financial Reporting Advisory Group's (EFRAG) opinions on endorsement of IFRS and IFRICs are well-balanced and objective. This appointment is the last step in setting up an independent advisory group on accounting, on which the Commission decided in July 2006.

See:

<http://europa.eu/rapid/pressReleases>

➤ The European Parliament adopted a resolution based on the own-initiative report drawn up by Klaus-Heiner LEHNE containing recommendations to the Commission on the **European private company statute**. Parliament added a recital stating that the relevant acquis providing for cross-border information, consultation and participation rights of employees as well as safeguarding pre-existing employee participation rights (Directives 94/45/EC and 2005/56/EC) should be fully preserved. Consequently the conversion of a company with employee co-determination, information and consultation rights into an EPC should not result in the loss of those existing rights.

See : <http://www.europarl.europa.eu/>

➤ MEPs of the Committee on Economic and Monetary Affairs adopted the report on procedural rules and evaluation criteria for the **prudential assessment of acquisitions and increase of shareholdings in the financial sector**, presented by Wolf Klinz. **See :**

<http://www.europarl.europa.eu/omk/>

NEWS FROM ABROAD EU...

➤ Recent rulings by the Chancery Court of Delaware are likely to make it easier for investors to press forward with cases alleging that directors' approval of **backdated stock options** breached their fiduciary duty towards shareholders. **See :**
<http://news.corporate.findlaw.com/>

CALENDAR

▶ *CSR : What's in it for directors ?*, ecoDa, 17 April 2006, in Brussels, at Residence Palace, at 14.30.

See: <http://www.ecoda.org/conference.html>

▶ *5th European Company Law and Corporate Governance Conference*, in Berlin, on 27 and 28 June 2007, organised by Federation of German Industries (BDI).

▶ *2007 ICGN Annual Conference*, 4-6 July 2007, in Cape Town.

<http://www.icgn.org/conferences/2007/index.php>

ARTICLES:

▶ *The One-Share-One-Vote Controversy in the EU*, Arman Khachatryan, August 2006. According to this article, there is no clear evidence on whether 1S1V companies outperform those with multiple voting rights, institutional shareholders have supported the rule but for their own interests rather than or minorities, the 1S1V rule is simply one corporate decision-making rule among many and not necessarily the best one...

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=908215

▶ *ECGI Research Newsletter on effective boards*, Winter 2006.

http://www.ecgi.de/research/research_newsletter/vol3.pdf

▶ *Interim Report of the Committee on Capital Markets Regulation*,

Committee on Capital Markets Regulation. November 30, 2006.

"Public capital markets offer the means for growing firms to finance investment as well as to enhance the value of investors' assets and to lower the cost of capital for firms. "U.S. capital markets are losing their competitiveness in global markets, to the detriment of investors. Our report concludes that regulatory and legal costs play a leading role in this adverse shift." The report findings support the need to balance costs and benefits of regulations in order to maintain the U.S. markets' global position."

<http://library.law.pace.edu/research/CCMRInterimReport.pdf>

▶ *Hedge Funds: An Industry in Its Adolescence*

Hedge Funds and Investor Protection Regulation

Do Hedge Funds Increase Systemic Risk?

FRB Atlanta Economic Review - Fourth Quarter 2006

<http://www.frbatlanta.org/invoke.cfm?objectid=9B22037D-5056-9F12>