



Newsletter # 16

January 2009

- Corporate Governance in Europe – Directors' voice -

THIS ISSUE AT A GLANCE

EcoDa News	p. 1
European News	p. 1
Events Calendar	p. 4
Related Documents	p. 5

ecoDa's News

On March, 18th 2009 ecoDa is organizing a Round Table Discussion on Audit Committees with KPMG. The discussion will focus on the impact of the financial crisis for audit committees; it will start at 17:00 at Hotel Silken Berlaymont.

For more information:
<http://www.ecoda.org/>

The Institute of Chartered Secretaries and Administrators, based in London, has just joined ecoDa as an affiliated member.

About ICSA:
www.icsa.net

ecoDa is in the process of enlarging its multipartite convention on cross-membership system, under which one director affiliated to one institute of directors can become a member of another institute provided reduced fees, to four additional members (IoD, ASBM, IC-A, and the Polish Institute of directors).

For more information:
<http://www.ecoda.org/>

The overview report of ecoDa's last RT discussion on Executive Remuneration is now available.

<http://www.ecoda.org/docs/Executive%20Pay.%20Getting%20it%20Back%20on%20Track.pdf>

ecoDa has started benchmarking amongst its members regarding certification programs for directors.

European News

THE 2009 PROGRAMME

The European Commission has adopted in November its 2009 Legislative and Work Programme which announces the main initiatives it intends to present next year. The European Commission announced a package of financial measures which will cover executive remuneration, derivative markets, hedge funds and private equity. The Commission will also respond to the recommendations of the de Larosière Group on the supervision of EU financial markets.

For more information:
http://ec.europa.eu/atwork/programmes/docs/clwp2009_en.pdf

The European Commission has launched a consultation on its review of the application of the Prospectus Directive, including some proposals to improve and simplify this Directive. The Prospectus Directive aims to ensure that investors are provided with clear and comprehensive information when making investment decisions. The Commission now wishes to assess the potential impact of its proposals and the merit of any alternative approaches. The closing date for replies is March, 10th 2009.

For more information:

http://ec.europa.eu/internal_market/securities/prospectus/index_en.htm

FINANCIAL SUPERVISION

The independent High Level Group on financial supervision set up by Commission President José Manuel Barroso and chaired by Jacques de Larosière has held its initial meeting on 12 November.

For more information:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1679&format=PDF&aged=0&language=EN&guiLanguage=fr>

PRIVATE EQUITY – HEDGE FUNDS

A consultation paper on hedge funds has just been issued by the European Commission. The results of this consultation will be discussed at a high level conference to be held in February. *“The aim being that the results of this exercise as well as the work being done in other forums such as the Group chaired by Mr. de Larosière can be fed into the G20 work. The Commission will then decide on the appropriate proposals”*, as expressed by Commissioner McCreevy.

CROSS-BORDER HOLDING

The European Commission's Legal Certainty Group (LCG) has put forward solutions to legal barriers related to the cross-border holding and settlement of securities. The solutions proposed in its report, entitled 'Second Advice', are expected to lead to an improved and harmonised legal framework for holding and settlement of securities through intermediaries and for the processing of corporate actions. Furthermore, the report proposes to give issuers free choice between European Central Securities Depositories.

For more information:

http://ec.europa.eu/internal_market/financial-markets/docs/certainty/2ndadvice_final_en.pdf

CREDIT RATING AGENCIES

The European Commission has taken in November 2008 a proposal for a regulation with four overall objectives aiming at improving the process of issuance of credit ratings:

– First, to ensure that credit rating agencies avoid conflicts of interest in the rating process or at least manage them adequately;

- Second, to improve the quality of the methodologies used by credit rating agencies and the quality of ratings;
- Third, to increase transparency by setting disclosure obligations for credit rating agencies;
- Fourth, to ensure an efficient registration and surveillance framework, avoiding ‘forum shopping’ and regulatory arbitrage between EU jurisdictions.

The new rules lay down that:

- Credit rating agencies may not provide advisory services to the rated entity or any related third party.
- They will not be allowed to rate financial instruments if they do not have sufficient quality information to base their ratings on.
- They must disclose the models, methodologies and key assumptions on which they base their ratings.
- They will be obliged to publish an annual transparency report.
- They will have to create an internal function to review the quality of their methodologies and models.
- They should have at least three independent directors on their boards whose remuneration cannot depend on the business performance of the rating agency. They will be appointed for a single term of office which can be no longer than five years. They can only be dismissed in case of professional misconduct. At least one of them should be an expert in securitization and structured finance.

For more information:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0704:FIN:EN:PDF>

AUDIT

According to Commissioner McCreevy, “So far, auditors have not been criticised for their role in the crisis, in contrast to other players like credit rating agencies. Indeed, this might be one sector where jobs will remain in demand. But, as I said this afternoon at the FEE Conference, the need to restore trust is crucial at this time. Re-establishing trust requires auditors to provide high-quality audits. Can auditors contribute... »

For more information:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/692&format=PDF&aged=0&language=EN&guiLanguage=fr>

The European Commission has issued the scoreboard on the status of implementation of the Directive on statutory audit (2006/43/EC) in Member States.

For more information:

http://ec.europa.eu/internal_market/auditing/docs/dir/scoreboard_en.pdf

The European Commission has launched a public consultation on control structures in audit firms and on the possible ways forward. The purpose of the consultation is to examine possible ways for finding catalysts to stimulate the emergence of new players in the international audit market. The Commission invites stakeholders to give their views on the issues involved by 28 February 2009.

For more information:

http://ec.europa.eu/internal_market/auditing/market/index_en.htm

MARKET ABUSE

The Committee of European Securities Regulators, regarding its third set of guidance and information on the common operation of the Market Abuse Directive.

For more information:

http://www.cesr-eu.org/index.php?page=comingup_details&id=139

Events Calendar

Corporate Ownership and Control: Economic, Historical and Legal Aspects

January 12th 2009 - Cambridge

http://www.ecgi.org/conferences/3cl_jan2009/flyer.pdf



Seminar: Sustainable Economy versus Economy Sustainability

February 13th to 14th 2009 in Florence, Italy.

More information: cof@cof.cg



CESR Conference 2009 –Preparing for the future: where to now for regulation in the field of securities?

February 23 in Paris

http://www.cesr-eu.org/index.php?page=comingup_details&id=143



First ICGN mid-year event of 2009,

March 2nd - 3rd, in Amsterdam

<http://www.icgn.org/conferences/2009/amsterdam/>




***ecoDa Round Table Discussion
on Audit Committee***


March 18th, Brussels

Contact: aida.simil@ecoda.org




Related documents


 - **2009 edition of RiskMetrics annual Board Practices study**
<http://www.riskmetrics.com/sites/default/files/BP2009.pdf>

 - **“ICGN - Statement and Guidance on Non-financial Business Reporting”**
The latest best practice guidance aims to help generate substantive dialogue between investors and company boards about the content and timing of non-financial business reporting.
http://www.icgn.org/news/releases/ICGN_Statement_NFBR.pdf


 **“ICGN - Statement on the Global Financial Crisis”**
The ICGN has published a Statement on the Global Financial Crisis, emphasising the importance of shareholder rights and responsibilities in this turbulent environment
http://www.icgn.org/news/releases/fcrisis_statement_10nov2008.php

 **Climbing out the credit crush**
http://www.accaglobal.com/pdfs/credit_crunch.pdf

 **“Executive Pay: Regulation vs. Market Competition”**
Cato Institute - Policy Analysis - September 10, 2008 – 16 pages
<http://www.cato.org/pubs/pas/pa-619.pdf>

 **‘Principles for Reforming Executive Pay’**
The Harvard Law School, January 2009
<http://blogs.law.harvard.edu/corpgov/2009/01/08/principles-for-reforming-executive-pay/#more-821>

 **“Hedge Funds and the Financial Market”**
House Committee on Oversight and Government Reform – Hearing - November 13, 2008
<http://oversight.house.gov/story.asp?ID=2271>

 **Credit Rating Agencies and the Financial Crisis**
Committee on Oversight and Government Reform - Hearing - October 22, 2008
<http://oversight.house.gov/story.asp?ID=2250>

 **Navigating the New World of Private Equity—A conference summary**
FRB Chicago - Chicago Fed Letter - November 2008 – 4 pages
http://www.chicagofed.org/publications/fedletter/cflnovember2008_256a.pdf

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