



**Newsletter - December 2010**



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**Events Calendar**

*Financial Reporting and Auditing –  
A time for change?*  
**European Commission**  
**9 and 10 February 2011**  
**Brussels**  
[http://ec.europa.eu/internal\\_market/accounting/conference\\_20110209\\_en.htm](http://ec.europa.eu/internal_market/accounting/conference_20110209_en.htm)

→

*9th Annual European Financial Services  
Conference - Taking Stock of Reform:  
Fragmentation or Convergence?*  
**10 February 2011**  
**Brussels**  
<http://international.lawsociety.org.uk/node/10172>

→

*ICGN event*  
**12- 14 September 2011**  
**Paris**

**ecoDa's News**

ecoDa is pleased to count two new members: the Norwegian Institute of Directors, as a full member and the Norwegian Styreakademiet as an affiliated member.

## European News

### EUROPEAN COMMISSION 2011 WORK PROGRAMME

On 27 October 2010, the European Commission presented its work programme for 2011.

This programme comes out at a particularly challenging time for the EU. There are clear signs of economic recovery after the worst crisis of recent decades – but that recovery is not yet firmly established. For this reason, the new initiatives that the Commission will propose and initiate in 2011 have a strong focus on accelerating recovery.

The programme includes:

- Amendments of Capital Requirements Directives (Carry-over 2010)
- Review of the Market Abuse Directive (Carry-over 2010)
- Regulation on a European Foundation
- Green Paper on a framework initiative on corporate governance
- Follow-up to the Green Paper on Corporate Governance in Financial institutions
- Venture capital funds initiative
- Initiatives promoting citizens' savings and private investments
- Evaluation of European System of Financial Supervision
- Evaluation of regulatory reform in the financial sector.

[http://ec.europa.eu/atwork/programmes/docs/cwp2011\\_annex\\_en.pdf](http://ec.europa.eu/atwork/programmes/docs/cwp2011_annex_en.pdf)

[http://ec.europa.eu/atwork/programmes/docs/cwp2011\\_en.pdf](http://ec.europa.eu/atwork/programmes/docs/cwp2011_en.pdf)

On 25 October 2010, Commissioner Barnier delivered a speech on Corporate Governance. Concerning board of directors, he considers that *"ability and willingness of directors to exercise effective control over senior management must be improved, in particular for non executive directors. The right balance between independence and skills needs to be struck. I want Directors to dedicate more time to their functions. This can be achieved by limiting the number of directors' memberships in boards. Their expertise must be evaluated more widely, for instance by extending the "fit and proper*

*test". I also think more effort needs to be made for a more diverse boardroom. Diversity in all forms creates the right conditions for a real exchange of views".*

[http://ec.europa.eu/commission\\_2010-2014/barnier/docs/speeches/20101025/speech\\_en.pdf](http://ec.europa.eu/commission_2010-2014/barnier/docs/speeches/20101025/speech_en.pdf)

### EUROPEAN CORPORATE GOVERNANCE FORUM

The Forum is working on a paper on the relation between corporate governance and capital markets. The Commission would like to know more about whether stewardship codes would work elsewhere and have more information on the role of asset managers. The Forum is also finalising a statement on minority shareholders rights which will focus on related party transactions.

[http://ec.europa.eu/internal\\_market/company/ecg\\_forum/index\\_en.htm#minutes](http://ec.europa.eu/internal_market/company/ecg_forum/index_en.htm#minutes)

### TRANSPARENCY DIRECTIVE

The Commission is currently preparing an impact assessment and expects a legislative proposal by the end of 2011. The Commission has published on 17 December 2010 a summary of responses to the consultation on the Transparency Directive:

[http://ec.europa.eu/internal\\_market/securities/docs/transparency/transparency-consultation-summary\\_en.pdf](http://ec.europa.eu/internal_market/securities/docs/transparency/transparency-consultation-summary_en.pdf)

### EUROPEAN PRIVATE COMPANY

The European Commission has issued in November 2010 a report on the Statute for a European Company (Societas Europaea or SE). Roughly 650 companies have been set up as SEs within the EU. The Statute has helped these companies to do business more easily in Europe, but there are issues that remain unaddressed. The SE Statute does not result in a uniform SE legal form across the

European Union. Furthermore, the uneven distribution of SEs across the European Union suggests that the Statute does not respond sufficiently well to the needs of companies in all 27 Member States.

The report:

[http://ec.europa.eu/internal\\_market/company/docs/se/report112010/com2010\\_676\\_en.pdf](http://ec.europa.eu/internal_market/company/docs/se/report112010/com2010_676_en.pdf)

Commission Staff Working Document accompanying the Report :

[http://ec.europa.eu/internal\\_market/company/docs/se/report112010/sec2010\\_1391\\_en.pdf](http://ec.europa.eu/internal_market/company/docs/se/report112010/sec2010_1391_en.pdf)

### SEMPLIFICATION OF BUSINESS ENVIRONMENT FOR COMPANIES IN THE AREA OF LAW, ACCOUNTING AND

The Commission will propose a review of the accounting Directives in 2011. The Aim is to simplify financial reporting obligations and to reduce the administrative burden, especially for SMEs.

### CG FOR FINANCIAL INSTITUTIONS

The Commission issued a Green Paper launching a public consultation on possible ways forward to improve corporate governance in financial institutions and remuneration policies. 214 responses were received. The Commission has published the summary of the responses to its Green Paper on CG for financial institutions:

[http://ec.europa.eu/internal\\_market/consultations/docs/2010/governance/feedback\\_statement\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/2010/governance/feedback_statement_en.pdf)

According to the majority of respondents, a limitation of mandates should be envisaged as best practice with a "comply or explain" approach. The expected time commitment should be defined in a letter of appointment for each director. All mandates held by each individual director should be publicly disclosed. For the majority, recruitment policies should specify the duties and profile of directors (but should not be laid down in legislation). If external evaluation is considered as a good tool but, the respondents consider that for the time being too few external evaluators of sufficiently good quality to make the external evaluation mandatory for each financial institution. If the board should be responsible for the oversight of

the implementation of risk strategy by executive management, views are divided regarding a risk statement. It should not become a boiler plate declaration. There is an agreement that chief risk officer should have high status and authority but the exact hierarchical status should not be prescribed. The board as a whole should approve a report on the adequacy of internal control systems as opposed to executive management.

The first follow-up on the content is expected by the first quarter of 2011.

### CORPORATE GOVERNANCE FOR LISTED COMPANIES

The Commission will issue a Green paper during the first quarter of 2011 on corporate governance for listed companies at large which should address different items such as how boards are performing (question of mandates, independence, and diversity), risk management in listed companies, CSR and minority shareholders' protection.

### AUDIT

The Commission received around 800 responses to its consultation on the role of statutory audit as well the wider environment within which audits are conducted. The summary of responses should be available early in the New Year. The Commission wants to provide coherent responses to the crisis and a new set of regulatory mechanisms.

[http://ec.europa.eu/internal\\_market/consultations/docs/2010/audit/green\\_paper\\_audit\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/2010/audit/green_paper_audit_en.pdf)

In course of next year, the Commission will take follow-up measures regarding the implementation of the 2006 directive. The G20 could also take some issues developed in the Green Paper in more details.

## BOARDS' DIVERSITY

In his press conference on the new Single Market Act, Commissioner Barnier mentioned that he will suggest a list of indicators to follow up the implementation of the new European roadmap. He expressly suggested as an indicator the items of women in boards of financial institutions.

In front of the European Institute for Gender Equality, Viviane Reding Vice-President of the Commission stated that: *"At the moment, women represent only one in 10 board members of the largest publicly listed companies in the EU and 3% of the presidents of the board. We should do better. I want to see more women in top decision-making jobs. In March 2011, I will bring together representatives of big European companies in a Summit in Brussels to talk about the issue. As a target, I would like to see 30% of women on company boards. This target should be reached by 2015 and increased to 40% by 2020. How do we get there? I am not a fan of quotas. Instead, I prefer voluntary measures and self regulation. Companies such as Deutsch Telekom are setting a good example. But I am also ready – if necessary and as a last resort – to consider targeted initiatives at EU level to get more women into top jobs in economic decision-making."*

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/674&format=PDF&aged=0&language=EN&quiLanguage=fr>

## MARKET ABUSE

During the 1<sup>st</sup> quarter of 2011, the Commission will take an initiative aiming at:

- (i) Enlarging the scope of the prohibition of market manipulation and insider dealing to cover new markets/instruments
- (ii) Increasing the deterrent effect of the Market Abuse Directive through more effective and consistent enforcement by competent administrative authorities, especially concerning sanctions
- (iii) Moving towards a single rulebook by clarifying certain provisions, reducing options

and discretions where appropriate and reducing administrative burdens, especially on SMEs.

## NON FINANCIAL INFORMATION

The Services of DG MARKT are conducting a public consultation in order to gather stakeholders' views on ways to improve the disclosure by enterprises of non-financial information. Contributions to this public consultation will be accepted until Friday 28 January 2011.

<http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=NonFin&lang=fr>

## FINANCIAL REPORTING

The European Commission is conducting a public consultation in order to gather stakeholders' views on financial reporting on a country-by-country basis by multinational companies. Country-by-country reporting is a concept that would require multinational companies to disclose financial information on their operations in third countries in their annual financial statements.

In recent years there have been calls to impose to large companies (whether listed or unlisted) operating in third countries additional transparency requirements for the activities carried out in those countries. In some cases, these calls concern a particular industry sector.

Deadline for responses is 22 December 2010

<http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=CBCRep&lang=en>

## EUROPEAN FOUNDATION

In its Single Market Act, The Commission suggests to take measures enabling the quality of the legal structures concerned to be improved in order to optimize their functioning

and facilitate their development within the single market.

The Commission will present a regulation on European Foundation Statute by the end of 2011. In the next year the Commission will launch a study on the situation of mutual associations in all Member States to examine in particular their cross-border activities.

## Contact information

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