



Connection

Newsletter # 13

March 2008

- Corporate Governance in Europe -

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ecoDa's News

MEMBERSHIP - NEW AFFILIATE

The Polish Institute of Directors has joined ecoDa from the 1st of January 2008. It increases ecoDa's membership up to 10.
www.pid.org.pl

CONFERENCE ON PRIVATE EQUITY

On 1 April, ecoDa is organising its annual conference on "Private Equity and Corporate Governance: perfect marriage or contradiction in terms?". The issue of Private Equity will be examined from a corporate governance perspective. Issues like transparency, directors' independence, directors' loyalty in corporate governance and private equity will be considered. In the first roundtable, after identifying the trends and key players in Private Equity, the panel will raise the question of the need for specific and CG Codes regarding Private Equity. The speakers will be requested to debate the merits of industry-driven codes of conduct versus mandatory

disclosure requirements and also to consider whether professional standards can be sufficient to guarantee good corporate governance. The second roundtable will address the question of appropriate board balance in Private Equity in terms of independence. We will examine whether the interests of stakeholders and long-term strategies are always consistent with the requirements of Private Equity.

For more information:

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

European News

CONFERENCE ON THE EUROPEAN PRIVATE COMPANY

The European Commission organises a conference on the European Private Company (SPE) on 10 March 2008 in Brussels. One panel will be dedicated to Shareholders, directors (general meeting, resolutions, directors' liability, board structure, employee participation, minority rights, etc.).

For more information:

http://ec.europa.eu/internal_market/company/epc/index_en.htm

STUDY ON THE 2ND COMPANY LAW DIRECTIVE

The European Commission has published an external feasibility study on an alternative to the capital maintenance regime established by the 2nd Company Law Directive.

For more information:

http://ec.europa.eu/internal_market/company/capital/index_en.htm

TRANSFERT OF THE REGISTERED OFFICE OF LIMITED COMPANIES

The European Commission has published in December 2007 an impact assessment on the Directive on the cross-border transfer of registered office. The impact assessment has been validated by the Commission's impact assessment board. Having weighed the arguments advanced, Commissioner McCreevy has decided there is no need for action at EU level on this issue. DG Internal Market and Services has therefore stopped work in this area.

For more information:

http://ec.europa.eu/internal_market/company/docs/shareholders/ia_transfer_122007_part1_en.pdf

SIMPLIFICATION BUSINESS ENVIRONMENT FOR COMPANIES

Concerning the simplification of the regulatory environment for European businesses, the Commission adopted, on 10 July 2007, a communication setting out proposals for possible measures to simplify the EU acquis in the areas of company law, accounting and auditing. A Summary report on the reactions made to this communication was put on line at the end of December.

For more information:

http://ec.europa.eu/internal_market/company/docs/simplification/consultation_report_2007_1219_en.pdf

HEDGE FUNDS - A NEW BODY TO GUARANTEE THE HEDGE FUND BEST PRACTICE STANDARDS

In January 2008, the Hedge Fund Standards Board Ltd (HFSB) has been set up to monitor conformity to the hedge fund best practice standards. As a custodian of the best practice standards it has the responsibility to ensure they are updated and refined as appropriate.

For more information:

<http://www.hfsb.org/?section=10555>

TRANSPARENCY DIRECTIVE - FINDINGS FROM CESR

The Committee of European Securities Regulators (CESR) published the outcome of a call for evidence on possible level 3 work on

transparency and provides an indicative work programme. CESR invited interested parties to submit their views regarding the possible CESR Level 3 work it could undertake on the TD and its implementing measures, and in particular, asked the following questions:

- Do you consider that CESR should start working in its Level 3 capacity in order to promote a consistent application of the TD and the Level 2 Directive?
- If yes, which areas do you think CESR's work should cover? Could you prioritise them?
- Do you think CESR's work to harmonise should be published in the form of a Q&A section of its website (in a similar way as CESR is currently doing in the prospectus area)?
- Do you think CESR should facilitate the establishment of an EU network of national storage mechanisms?

For more information:

http://www.cesr-eu.org/index.php?page=home_details&id=271

STUDY ON UCITS

A study carried out by PriceWaterhouseCoopers, shows that the portfolios of UCITS funds (Undertakings for Collective Investment in Transferable Securities) are increasingly made up of products such as futures, options, swaps and other derivatives. This does not appear to have led to an increased risk exposure, although the sub-prime crisis highlighted the liquidity issues facing UCITS funds, which according to EU rules are obliged to take into account their own liquidity requirements in order to be able to meet redemption requests from shareholders at any time. As well as UCITS funds, the report also focused on non-harmonised funds such as hedge funds.

For more information:

http://ec.europa.eu/internal_market/investment/docs/other_docs/pwc-report_en.pdf

CESR - ACTIVITY REPORT

The Committee of European Securities Regulators (CESR) launched a half yearly update on its activities to the European Commission, the European Parliament and the European Securities Committee.

For more information:

http://www.cesr-eu.org/index.php?page=home_details&id=265

EUROPEAN PARLIAMENT - TRANSPARENCY OF INSTITUTIONAL INVESTORS

Following a hearing on transparency of institutional investors held on 25 February at the European Parliament, Mr Lehne, MEP, concluded that new transparency rules should not be so burdensome that Hedge funds would be encouraged to emigrate outside the EU. Most of the speakers pointed out the fact that most of the Hedge funds are already subject to regulation. The European action could be to codify the existing practices. As suggested by one speaker from EALIC, *"About customised structured products traded over the counter, there is a need for improved transparency of their valuation and pricing models. One idea would be to channel trades of these instruments through organised exchanges, or clearing houses (which would provide the twin benefit of fostering standardisation of key features of structured products and imposing margin requirements on operations in these instruments)"*. A draft report is expected for the end of March.

For more information:

http://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/juri_oj_2008_0225_hearing080225/_juri_oj_2008_0225_hearing080225_en.pdf

News from abroad the EU

OECD - DRAFT IMPLEMENTATION GUIDE TO ENSURE ACCOUNTABILITY AND TRANSPARENCY IN STATE OWNERSHIP

Adopted in 2005, the OECD Guidelines on Corporate Governance of State-Owned Enterprises have become a global benchmark. To assist countries in implementing the Guidelines, the OECD is developing an

implementation guide in the area of accountability and transparency. The Implementation Guide to Ensure Accountability and Transparency in State Ownership aims to help governments improve the corporate governance of state-owned enterprises in the area of accountability and transparency. Drawing on good practices from the OECD, the draft Guide provides practical recommendations and policy options to implement the OECD Guidelines on the corporate governance of state-owned enterprises in five main areas, i.e. how to set objectives; to review, audit and report on performance; and to ensure adequate disclosure and transparency at the SOE level.

For more information:

<http://www.oecd.org/dataoecd/12/10/40096845.pdf>

Events Calendar



**Conference on the European Private
Company (SPE)**

March 10th 2008 BRUSSELS

http://ec.europa.eu/internal_market/company/docs/epc/spe-conference-programme_en.pdf




**"Private Equity and Corporate
Governance: perfect marriage or
contradiction in terms?"**


April 1st 2008 BRUSSELS


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





Related documents

-  **"Sarbanes-Oxley's Effects on Small Firms: What Is the Evidence?"** See pp.143-168.
http://www.rand.org/pubs/monographs/2007/RAND_MG663.pdf

-  **"Hedge fund standards", January 2008, the Hedge Fund Standards Board**
<http://www.pellin.co.uk/HFWG/Final-Report.pdf>

-  **Capitalcom has released a study on individual shareholders, state of play of 2007 GM and expectations for 2008**
http://www.capitalcom.fr/pdf/CAPNEWS_0033_481_en.pdf (*only in French*)

-  **EU Corporate Governance Standards**
All papers, presentations, and other relevant materials referring to the conference organised by GCGF, IFC, and the World Bank on 20 February in Brussels are available at :
<http://www.ifc.org/ifcext/cgf.nsf/Content/B48347A05EC22880852573C9006D080D?OpenDocument>

-  **The latest Research Newsletter of ECGI** with a short report on the recent Transatlantic Corporate Governance Dialogue Conference in Washington DC:
http://www.ecgi.org/research/research_newsletter/vol5.pdf

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