



Newsletter # 18

October 2009

*- Corporate Governance in Europe – Directors' voice -*

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- More formal support for the board, including promoting a more formal role for the board support officer, and reinforcing the benefits of having a board support officer with appropriate qualifications and status –although respondents were aware there could be barriers to this in some European countries;
- Greater access to information and sharing of best practice;
- Strong leadership from chairmen

#### For more information:

<http://www.icsa.org.uk/about/international/survey?c=1>

### ecoDa's News

In July 2009 EPEGON (the European People Governance Network) became a new affiliated member of ecoDa. People governance is the implementation of ethical principles and attitudes that lead to the integration of people-related questions in all stages of the decision-making process by the governing bodies of the company. It makes it possible to act coherently and to strengthen all the human dimensions connected to the internal and external activities of the company.

#### For more information:

<http://epegon.eu/>

The Institute of Chartered Secretaries and Administrators (ICSA) and ecoDa have carried out a common survey on board support. According to the first findings, the respondents suggested that boards could be better supported by:

- Better induction and training at board level, including further clarification of expected boardroom behaviour and of the responsibilities of the different roles within the board;

ecoDa has just taken a position paper insisting on the 3 D's as aide to develop effective director remuneration.

"Design": in terms of remuneration policy, the board of directors will be responsible for developing the remuneration structure, defining the main components and the criteria on which variable remuneration is to be based. "Decision process": the board should carefully reflect on the question who decides on what, and especially pay attention that there is independence and sufficient checks and balances on each level of decision-making on remuneration.

"Disclosure": external accountability is growing in importance, certainly on the subject of director remuneration, leading to increased focus on true transparency.

#### For more information:

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

## European News

### STUDY ON MONITORING AND ENFORCEMENT OF CG CODES

The final survey conducted by RiskMetrics, ecoDa, BusinessEurope and Landwell on the application of the CG Codes was submitted to the European Commission in September. The findings will be publicly available at the Swedish CG Conference on 2<sup>nd</sup> and 3<sup>rd</sup> December 2009.

### FINANCIAL SUPERVISION

The European Commission has adopted an important package of draft legislation on 23 September to significantly strengthen the supervision of the financial sector in Europe. The aim of these enhanced cooperative arrangements is to sustainably reinforce financial stability throughout the EU; to ensure that the same basic technical rules are applied and enforced consistently; to identify risks in the system at an early stage; and to be able to act together far more effectively in emergency situations and in resolving disagreements among supervisors. The legislation will create a new European Systemic Risk Board (ESRB) to detect risks to the financial system as a whole with a critical function to issue early risk warnings to be rapidly acted on. It will also set up a European System of Financial Supervisors (ESFS), composed of national supervisors and three new European Supervisory Authorities for the banking, securities and insurance and occupational pensions sectors.

**For more information:**  
[http://ec.europa.eu/internal\\_market/finances/committees/index\\_en.htm](http://ec.europa.eu/internal_market/finances/committees/index_en.htm)

### PROSPECTUS DIRECTIVE

On 24 September, the European Commission has published a proposal for the simplification of the Prospectus Directive. Amongst the proposed changes are the introduction of less comprehensive disclosure requirements for some issues of securities (e.g., those by small companies) and greater clarity concerning the exemptions from the obligation to publish a prospectus.

**For more information:**  
[http://ec.europa.eu/internal\\_market/securities/docs/prospectus/proposal\\_240909/proposal\\_en.pdf](http://ec.europa.eu/internal_market/securities/docs/prospectus/proposal_240909/proposal_en.pdf)

### AUDIT

At the end of July 2009 the European Commission published an independent study comparing the International Standards on Auditing (ISA) and the standards of the US Public Company Accounting Oversight Board (PCAOB). The Commission is consulting until 15 October on whether the EU should adopt the International Standards on Auditing (ISA) and a Decision of the European Parliament and of the Council establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing was adopted on 16 September.

**For more information:**  
[http://ec.europa.eu/internal\\_market/consultations/2009/isa\\_en.htm](http://ec.europa.eu/internal_market/consultations/2009/isa_en.htm)  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:253:0008:0016:EN:PDF>

## International News

### IOSCO- AUDIT

The International Organization of Securities Commission (IOSCO) Technical Committee has launched three related consultation reports prepared by its Task Force on Audit Services on the Transparency of Firms that Audit Public Companies; Auditor Communications and Exploration of Non-Professional Ownership Structures for Audit Firms. The closing date for responses is 1 December 2009.

**For more information:**  
[http://www.iosco.org/library/briefing\\_notes/pdf/MS10-09.pdf](http://www.iosco.org/library/briefing_notes/pdf/MS10-09.pdf)

### USA- PROXY ACCESS RULES

The Securities and Exchange Commission (the "SEC") was planning take a final vote on its proposed proxy access rule in November to allow shareholders to solicit votes for their director candidates through corporate proxy statements, but the commission wanted to give its staff more time to review more than 520 received comments to take a cautious approach with its latest proposal

## G20

The G20 Finance Ministers and Central Bank Governors reaffirmed their commitment to strengthen the financial system to prevent the build-up of excessive risk and future crises and support sustainable growth. This will include the adoption of tough international standards on variable remuneration for employees of banks and other financial institutions closely monitoring its delivery.

**For more information:**  
<http://www.g20.utoronto.ca/>

## Events Calendar

*Seminar on Corporate Governance in Financial Institutions*

**October 12<sup>th</sup> 2009 in Brussels, Belgium**

**More information: [markt-cg-fin-inst@ec.europa.eu](mailto:markt-cg-fin-inst@ec.europa.eu)**



*A two hour hearing hold by the ECON Committee, followed by a workshop on the Alternative Investment Funds Managers Directive.*

**10 November, Brussels, Belgium**



*2009 ICGN Mid-year Conference*

**18 -19 November, Washington DC**

**More information: <http://www.icgn.org/>**



*The 8<sup>th</sup> European Corporate Governance Conference. Swedish EU Presidency*

**December 2<sup>nd</sup> and 3<sup>rd</sup> in Stockholm, Sweden**

**More information: <http://www.iab.se/stockholmconference>**

## Related documents



### **Conference Board Executive Remuneration Task Force**

[http://www.conference-board.org/pdf\\_free/ExecCompensation2009.pdf](http://www.conference-board.org/pdf_free/ExecCompensation2009.pdf)



### **Walker Review of Corporate Governance of UK Banking Industry**

[http://www.hm-treasury.gov.uk/walker\\_review\\_information.htm](http://www.hm-treasury.gov.uk/walker_review_information.htm)



### **Perspectives from the Boardroom—2009**

An insight into the perspective of directors of US companies as to where boards went wrong before the economic crisis and how things have or ought to change as a result

<http://hbswk.hbs.edu/item/6281.html>



### **Audit Committee Institute - La pratique des comités d'audit en France et dans le monde- Quatrième enquête internationale – Septembre 2009**

[http://www.audit-committee-institute.fr/dbfetch/52616e646f6d49563751545e01807f97e563d660cccf01f3/etude\\_aci\\_sep\\_2009.pdf](http://www.audit-committee-institute.fr/dbfetch/52616e646f6d49563751545e01807f97e563d660cccf01f3/etude_aci_sep_2009.pdf)



### **The Financial Crisis: Reform and Exit Strategies(OECD)**

This book analyses the steps policy makers now have to take to devise exit strategies from bailout programmes and emergency measures.

[http://www.oecd.org/document/20/0,3343,en\\_2649\\_33761\\_43726868\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/20/0,3343,en_2649_33761_43726868_1_1_1_1,00.html)

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