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1 hot issues

In 2010 OSC announces plans to enhance compliance with corporate governance and environmental disclosure requirements

Toronto – December 18, 2009

The Ontario Securities Commission (OSC) issued **Notice 51-717 Corporate Governance and Environmental Disclosure**, which communicates the OSC's plans to enhance compliance by reporting issuers (other than investment funds) with corporate governance and environmental disclosure requirements.

This Notice is part of the OSC's corporate sustainability reporting initiative developed in response to a resolution of the Ontario Legislature, passed on April 9, 2009, calling on the OSC to undertake a broad consultation to consider best practice corporate social responsibility and environmental, social and governance disclosure standards. In response, the OSC held consultations with various stakeholders, including a roundtable discussion on September 18, 2009 with respect to its governance and environmental disclosure requirements. The OSC then prepared a report and recommendations that were submitted today to the Ontario Minister of Finance.

"We received valuable feedback from stakeholders and this has formed the basis for the initiatives that we are taking in 2010," said James Turner, Vice-Chair of the OSC. "During the consultations, we heard support for the existing regulatory requirements as well as recommendations for the OSC to provide more guidance to issuers in order to improve the information disclosed to investors and the marketplace. For example, stakeholders said additional guidance would be welcome in respect of disclosure of climate change risk."

In 2010, the OSC will conduct a compliance review of corporate governance disclosure filed by issuers in spring 2010. The OSC will also develop guidance for issuers on compliance with existing environmental disclosure requirements, which are currently set out in **National Instrument 51-102 Continuous Disclosure Obligations**. The OSC intends to consult stakeholders in connection with the development of that guidance and to publish the guidance by December 2010, giving reporting issuers sufficient time to consider it when preparing their 2010 annual continuous disclosure documents.

The OSC will invite staff at other Canadian Securities Administrators to participate in the corporate governance compliance review and the development of the guidance for environmental disclosures.

Notice 51-717 Corporate Governance and Environmental Disclosure, along with the OSC report to the Minister of Finance and a consultation paper previously prepared by OSC staff, are available on the OSC website, **www.osc.gov.on.ca**.

Good IR bumps share price

Investors willing to pay more for companies with established IR functions

Dec 17, 2009 – By Robin Froggatt-Smith

Good investor relations in India boosts share price, according to a study commissioned by India's Investor Relations Society and the Inter-Connected Stock Exchange of India (ISE).

The report finds 54 percent of institutional investors will pay up to a 20 percent premium on the share price of companies with established IR functions. The study, which was released earlier this week, surveys 24 fund managers based in India, and finds the positive impact on share price is highest for small and medium-cap companies (key constituents of the ISE), for which dedicated IR is more of a stretch.

Kiran Bhojani, managing partner at Hering Schuppener Consulting in Hamburg, advises clients on Indian companies listed on ISE. He says the study is very good news. 'I am glad the recognition of the value of IR has increased in India,' he notes 'The report's findings are especially pertinent if companies are engaged in international markets.

IROs to face new questions on corporate leadership

US SEC disclosure changes present new hurdle for IR

Dec 18, 2009 – By Jeff Cossette

IROs in the US can expect to field plenty of new questions about the competence of corporate leadership following the SEC's December 16, 2009 approval of new disclosure regulations. The rules, effective from February 28, 2010, require new disclosures in proxy and information statements about the intermingling of risk, compensation and corporate governance.

Of specific interest to IROs is that all but the smallest companies would be required to reveal via narrative more about their pay policies if they create risks that are 'reasonably likely to have a material adverse effect on the company'.

'Most companies won't need disclosure here as this item is directed more at Wall Street than Main Street,' says Michael Littenberg, partner at New York law firm Schulte Roth & Zabel. 'For many IROs, however, this will be something to grapple with and explain.'

The commission believes the new disclosure changes will help allocate capital toward companies where 'employee incentives appear better aligned with operational success and investors' appetite for risk. In this regard, the amendments may affect the relative ability of some companies to raise capital depending on how investors react to the disclosures they provide in response to the amendments'.

securities lingo brain teaser

What is Corporate Social Responsibility?

Answer is in this bulletin.

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