Corporate Governance Code Enforcement Mechanisms

2nd High-Level Policy Dialogue
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Background
- Small domestic equity market
  - 29 Irish companies listed on MSM
  - All dual listed on LSE (same LR and CG requirements)
- Two corporate governance codes
  - UK Corporate Governance Code → Irish listed companies
  - CBI Corporate Governance Code → financial institutions and insurance companies (not linked to listing)

UK Corporate Governance Code
- Applies to Irish listed companies
- Principles and provisions
  - Leadership: Effectiveness, Accountability, Remuneration
- "Comply or explain" basis
- Key relationship: company and its shareholders

ISE Listing Rules
- Include in annual report:
  1. Explanation of how the company has applied the principles
  2. Statement of compliance with the Code’s provisions
     - Identity provisions: not complied with
     - Period of non-compliance and
     - Reasons for non-compliance

Role of the ISE
1. Monitor compliance with the ISE Listing Rules, not the Code
   - Review annual reports
   - Investigate suspected non-compliance
   - Sanction, where appropriate
2. Support companies in their efforts to achieve high corporate governance standards
   - Conference (Jan 2010)
   - ISE/KM commissioned report

Role of the CBI
- Corporate Governance Code for Credit Institutions and Insurance Undertakings
  - Minimum statutory requirements
  - Effective from 1 January 2011
  - 2 for approach - minimum + additional requirements ("major")
  - Annual compliance statement

I have to inform my bank within 5 days why they have not completed cultural issues are responsible