

2008 Regulatory Update

There are various pieces of legislation that have come into force as of 1st October 2008 following the 2006 Companies Act, the bulk of which are not really valid considerations for investor relations officers. However we have detailed below those that could potentially be relevant:

- Provisions relating to the directors' 'conflicts of interest duties' – Part 10
- Control of political donations and expenditure, provisions relating to an independent candidate – Sections 362 to 379

Provisions relating to the directors' 'conflicts of interest duties' – part 10

These changes cover the duty of directors to avoid conflicts of interest, not to accept benefits from third parties and duty to declare interest in proposed transactions or arrangements. The following sections relate to directors' conflicts of interests and have been implemented in October 2008.

Section 175 – Duty to avoid conflicts of interest.
Section 176 – Duty not to accept benefits from third parties
Section 177 – Duty to declare interest in proposed transaction or arrangement
Section 180(1) to (3) and (4)(b) – Consent, approval or authorisation of members.
Sections 181(2) and (3) – Modification of certain provisions in relation to charitable companies.

Control of political donations and expenditure, provisions relating to an independent candidate – sections 362 – 379

Part 14 of the Act requires a company to be authorised by its members before it makes a political donation in excess of £5,000 in one year to a political party, political organisation or an independent candidate (who is not a member of a political party but standing for election to public office).

A company must also be authorised by its members before it incurs expenditure in respect of political activities such as advertising, promotion or otherwise supporting a political

party, political organisation or an independent candidate in an election.

The implementation is as follows:
In relation to political parties and other political and other political organisations the requirement for authorisation was implemented:

- In GB from 01/10/07
- In Northern Ireland from 01/11/07

However this did not apply to donations or expenditure relating to independent candidates. For independent candidates implementation is from 01/10/08 and applies to both NI and GB.

The 1st October 2008 implementation simply extends, to independent candidates, the control of political donations and expenditure by companies that already applied to political parties and organisations from last year.

Interim Management Statements (IMs)

Following the adoption of the FSA's Disclosure and Transparency Rules (DTR) last year, we have found there has been a lukewarm response from companies in terms of take-up of the new periodic financial reporting requirements. A recent research report issued by Deloitte on the subject of IMs illustrates that in terms of strict compliance with the rules most of the companies (and IROs) issuing these statements could be doing much better:

- 4% of the selected companies simply failed to issue an IM
- Only 9% received a tick in all the compliance boxes
- 6% of companies were late in producing their IM. For most the delay was only up to a week. For one, the delay was a month; and
- The poorest area of compliance was providing a general description of the financial position of the company

The report concludes that on another level, investors and the market have coped well with the new requirements and that there have been no major signs that the IM is seen as an excessive and unnecessary burden. Crucially, the IM has formalised more frequent

communication by all and removed the threat of UK companies being forced to issue detailed quarterly financial reports.

Timing and length of the IMS

Management should publish an IMS during the first six-month period of the financial year and another statement during the second six-month period of the financial year. It is also stipulated that each IMS must be made in a period between ten weeks after the beginning and six weeks before the end of the relevant six-month period.

The findings from the report demonstrate that the majority of companies reported their IMSs towards the end of the required period, with the larger companies reporting slightly earlier on average than the smaller companies. Moreover, the IMSs surveyed were on average 1.5 pages long, ranging from half a page to seven pages, with larger companies producing longer statements.

Content of the IMS

The IMS should contain information that covers the period between the beginning of the relevant six-month period and the date of publication of the statement. IMS content should also include;

- An explanation of material events and transactions that have taken place during the relevant period; as well as
- Their impact on the financial position of the company and its controlled undertakings.
- A general description of the financial position of the company and its controlled undertakings during the relevant period should be provided, as well as,
- A general description of the financial performance of the company and its controlled undertakings during the relevant period.

Financial performance content

In terms of best practice, the DTR does not specifically require an IMS to contain any numerical data. In a recent Newsletter, the UKLA commented that, "The nature, scale and complexity of the issuer may be such that it can provide a meaningful narrative description of the major events/transactions that have occurred during the relevant period and the financial position of the issuer. If this happens, then numerical data may not be required."

However, out of the 100 companies surveyed, 43 included numerical data with revenue/sales being the most popular measure reported with 11 companies providing an analysis of their results by segment. In addition 28 companies discussed financial performance in terms of percentage movement.

Financial position content

This was by far the poorest area of compliance according to the research, with only 20 IMSs out of 96 meeting the DTR requirements to give a general description of the financial position of the company. One company provided a summarised balance sheet and nine companies provided financial data and accompanying comments sufficient to give a general description of the financial position of the company. The remaining ten companies made umbrella comments.

Specific information was provided for individual balance sheet items (such as cash and debt) but it was deemed that this did not constitute compliance with the DTR. The remaining 56 IMSs did not contain any information on the financial position of the company, thus proving to be an area of difficulty for most companies.

Material events and transactions content

In looking at compliance with the requirement to explain material events and transactions during the period, most companies that had something to report, did so. Companies cannot delay issuing information on material events or transactions until the IMS is due to be published - this should be published immediately. Over 80% of companies gave the impact of a transaction on the financial position in the IMSs and the types of material events and transactions discussed included;

- Share buy backs
- Acquisitions of operations and assets
- New or extended loan facilities
- Asset sales
- Lease acquisitions and
- Resolutions of court cases

Guidance and other content

Non financial data, disclaimers and forward looking statements were provided by companies even though there is no requirement to do so. KPIs such as retail space added, number of stores, order book levels, production volumes mobile voice usage and cancellation rates etc were cited. NB Be wary of reporting anything that may constitute a profit forecast.

Movers and Shakers

Helen Ford has joined **T. Rowe Price** as a US equity portfolio specialist based in the firm's London office. Ms Ford was previously head of US equities at the Kuwait Investment Office.

Threadneedle has appointed two new senior investment specialists to be based in London: **Francis Ellison** in European equities and **Douglas Cairns** in Asia Pacific and emerging market equities. Mr Ellis joins from SEI, where he was head of UK institutional business development. Mr Cairns comes from Schroders, where he was CEO of Schroder's joint venture in Thailand.

Robert Kellermann is moving to **Pioneer Investments** as head of consultant relations for Germany and Switzerland. He joins from Allianz Global Investors Group.

Malcolm Naish will join **Scottish Widows Investment Partnership** as head of property in October. He was previously director and head of DTZ Investment Management.

Principal Global Investors has appointed **Steven Brown** as head of wholesale distribution in the UK. He was formerly at M&G Investments.

Soo Nam Ng has joined **Nikko Asset Management Singapore** as chief Investment Officer. He worked in a similar role for Mirae Asset Global Investment Management Asia.

Ian Sullivan has been hired by **Prupim** as director of investment to focus on its M&G Secured Property Income Fund. He moves from Drivers Jonas

Debevoise & Plimpton has recruited **Anthony McWhirter** to expand its European funds practice. He formerly funded the investment funds business at Freshfields Bruckhaus Deringer.

The Alternative Investment Management Association has appointed **Andrew Baker** as deputy chief executive. He moves from Schroders where he was chief operating officer for alternative investments.

Roddy Sloan has joined **UBS Global Asset Management** as global head of real estate fund of funds and securities. He joins from Axa.

Deutsche Bank Asset Management has taken on **Julia Beinker** from Union Investment Institutional as head of consultant relationships in Europe, based in Frankfurt.

Credit Suisse Asset Management has hired **Yong-Moon Kim** as managing director and head of global equities. He joins from Mirae Asset Global Investment Management in Hong Kong where he was chief investment officer.

Prupim has boosted its UK asset management team by adding **Duncan Holmes**, who will manage retail and industrial assets for a pension fund client. He moves from NB real estate. Axa Framlington has appointed **Gemma Game** as fund manager in its healthcare team. She will lead manage its offshore WF Framlington Health Fund. Ms Game has worked for Blackrock since 2001.

Collins Stewart CI, the portfolio management, stock broking and funds business based in the Channel Islands and Isle of Man, has hired **Martin Bralsford** as Chairman. Mr. Bralsford was previously chief executive of CI Traders.

Nick Wright has been named chief operating officer of State Street's Investor Services business in the UK, Middle East and Africa. He joins from Investors Financial Services Corp, acquired by State Street last month.

BNP Paribas Securities Services has taken on **Barbara Crane** at its Global Corporate Trust business. She spent six years at HSBC.

John Lambert has joined **GAM** as an investment manager, working in the UK and international fund management team that supports Andrew Green, manager of GAM Diversified. He moves from Gartmore Investment Management.

Richard Benson is adding his weight to **Investec Asset Management** as a portfolio manager in its currency management team. He joins from Fisher Francis Trees and Watts where he was a currency portfolio manager.

Jack Kelly has become investment director, global fixed income, at **Standard Life Investments**. Mr Kelly will have responsibility for extending and deepening SLI's coverage of international bond markets, drawing on his experience as senior portfolio manager at ABN Amro.

Polar Capital has hired **Nick Evans** as a senior fund manager. Until recently, Mr Evans was at Axa Framlington Investment Management, where he was lead manager of both the Axa Framlington Global Tech Fund and AWF Framlington Global Tech Fund

Scottish Widows Investment Partnership has brought in a team of five fund managers formerly at Cazenove to oversee its multi manager operation. **Mark Harries** joins as head of multi manager and **Simon Wood, Lyndon Gill, Natalie Burnard** and **Andrew Perham** as investment directors.

Alex McKnight has joined **Augustus Asset Managers**, a specialist in fixed income and currency asset management, as portfolio manager on the JB Convertible hedge fund. Mr McKnight was previously at AIB Global Treasury.

Richard Chadderton has joined **Investec Asset Management** as a client service executive on the UK institutional team, focusing on equity and multi-asset strategies. Mr Chadderton previously worked for Lazard Asset Management.

Axa Investment Managers has added to its responsible investment team: **Pierre Stiennon** has joined as a senior investment analyst, having worked in the utilities sector for nearly two decades.

Scottish Widows Investment Partnership's European fund managers **Nigel Bolton, Alister Hibbert** and **Vincent Devlin** are exiting the group to join **Blackrock**. At Blackrock the managers will plug the holes in the European team left by **Niall Gallagher**, who moved to T.Rowe Price in October and **Gavin Corr** who left for Nevsky Capital in May.

Legg Mason has appointed a head of international asset management. **Ronald Dewhurst** was previously chief executive of 100F, an Australian investment management company.

David Millar has left Scottish Widows Investment Partnership to join **Standard Life Investments** as multi asset investment director.

Paternoster has appointed **Chris Baker**, previously an adviser to the BAE Systems Pension Fund, as investment director.

Davina Curling has joined **Russell Investments** as head of European equities, having previously had responsibility for European high alpha products at F&C.

Christos Koutsoyannis has joined **State Street Global Advisors** as a senior portfolio manager in its active European equity team. Mr Koutsoyannis joins from Old Mutual, where he was deputy head of quantitative research.

Investec Asset Management have poached the joint heads of Goldman Sachs' energy research team.

Jupiter Asset Management has appointed **Ed Blamey** as research manager, socially responsible investment. Mr Blamey most recently worked at carpet maker Interface as European sustainability director.

Daniel Geber has joined **GLG's** New York office as a portfolio manager. Mr Geber joins GLG from Epoch Investment Partners, where he managed the international small cap funds and Asian portfolios.

Baring Asset Management has appointed **Nicola Barber** as investment manager in its private client team. Ms Barber joins from Rothschild Private Management.

Robin Griffiths has joined **Cazenove Capital** to run the Worldwide Absolute Return hedge fund. He was most recently head of asset allocation at Rathbones.

Atlantis Investment Management has hired three new staff in Hong Kong. **Donna Chan** and **Annie Kao** join as associate portfolio managers from Deutsche Bank and SAIL Advisers. Mr Kao is also marketing director at the Atlantis Hong Kong office. **George Leung** joins as a portfolio co-ordination manager.

Premier Asset Management has recruited **Michael Jennings** to launch a new global absolute return product. Mr Jennings joins from Morley Fund Management.

BlackRock has poached a team of seven led by **Nigel Bolton** from Scottish Widows Investment Partnership to join its European equity style diversified team. It included **Vincent Devlin** and **Alister Hibbert**.

Chris Clarke has joined **Scottish Widows Investment Partnership** as investment director, European equities. Mr Clarke joins from Alliance Trust.

Lothar Mentel has joined the fund management team at **Octopus Investments**. Mr Mentel was previously at NM Rothschild & Sons Private Management.

Legal and General Investment Management have taken on **Richard Black** as an analyst in the UK equities team. Mr Black joins from Old Mutual Asset Management.

Andy Smith has joined **Axa Framlington** as a fund manager on the healthcare team. Mr Smith was previously with SV Life Sciences.

Next month sees **Richard Black** join **Legal & General Investment Management** as an analyst in its UK equity team. He moves from Old Mutual Asset Management where he was part of the UK equity income team.

SV Life Sciences has appointed **David Pinniger** to replace Andy Smith. Mr Pinniger joins from Abingworth Management.

UBS Global Asset Management has appointed **Nick Irish** as a senior portfolio manager in the global equities team. He joins from HSBC Halbis.

Liontrust Asset Management, the specialist fund manager that is in takeover talks, is appointing **Julian Fosh** who joins the group's UK equity fund management team. He moves from Saracen Fund Managers in Glasgow where he was co-manager of the Saracen Growth Fund.

James Chu, a co-founder and main shareholder of **Blue Sky Asset Management** which was set up last year, joins the investment boutique as managing director and chief investment officer. He moves from Asia where he worked at American Express Bank as director and head of product and business development, investment and financial products.

Threadneedle has operated its first operation in Asia, in Hong Kong, hiring **James Champion** as head of distribution. He joins from Allianz Global Investors where he headed mutual funds for the Asia Pacific region.

Martin Currie, the Edinburgh-based specialist equity boutique, has named **Kimon Kouryialis** as country head in Australia. He joins from Legg Mason Australia Asset Management.

Galia Velimukhametova is to join **GLG Partners** as a portfolio manager focusing on distressed situations. Ms Velimukhametova was at King Street Capital.

LV=Asset Management has taken on **Richard Falle** as principal European equity fund manager. Mr Falle joins from Associated Fund Solutions, a consultancy he set up.

Impax Group has appointed **Lee Clements** as investment manager. He joins from Nomura Private Equity.

Axa Framlington has strengthened its private client portfolio management team with the appointment of regional director of sales in the east.

Ajay Dayal and **Nuria Ribas-Lequerica** have joined **Legg Mason's** investment specialist team in London. Mr Dayal joins as investment director from ABN Amro Asset Management, where he was global product specialist for emerging market equities. Mr Ribas-Lequerica joins as fixed income product specialist from Aberdeen Asset Management.

Barings has lost fund manager **Nudgem Richyal** who will join **JO Hambro Capital Management** as co-manager of its new global and EAFE strategies later this year.

Paul Carne has joined **F&C's** multi-manager team as fund manager. Mr Carne joins from Crosby Forsyth.

Donald Farquharson has joined Baillie Gifford from Schroders as an investment manager in the Japanese equity team.

Michael Samaha has joined **Morgan Stanley Investment Management** as co-head of Middle East and North Africa. Mr Samaha joins from Lehman Brothers.

Kenmore Property Group has hired Jonas Ramstedt as investment manager of its Stockholm office. Jonas joins from Oscar Properties.

Rathbone Investment Management has hired another member of HSBC's charity team. **Alex**

Turnbull who joins Rathbone as an investment director, rejoins his former colleague, James Pettit.

Carmel Peters and **Kirsty McLaren** are leaving Sofaer Capital to launch a new Asia-focused hedge fund for **RWC Partners**.

Rami Sidani is joining **Schroders** as head of Middle East and North Africa portfolio management. Mr Sidani joins from SHUAA Capital.

Fabrice Bay has left DWS/Deutsche Asset Management to join **GLG Partners** as a portfolio manager.

New Star has appointed **Donald Pepper** as head of alternative investment. Mr Pepper joins from Merrill Lynch International.

LaSalle Investment Management has appointed Amy Aznar to lead a new special situations team. Ms Aznar was previously a managing director at Merrill Lynch Global Principal Investments.

GLG Partners has hired **Karim Abdel-Motaal** and **Bart Turtelboom** as co-heads of GLG's Emerging Markets Fund, the Emergency Currency and Fixed Income Fund and then Emerging Equity Fund. They will join GLG from Morgan Stanley. GLG has appointed **Driss Ben-Brahim**, a Goldman Sachs partner, to develop a special situations platform.

Casper Rock has moved from Axa Framlington to become deputy chief investment officer at **Architas Multi-Manager**. This is part of a deal whereby six Axa Framlington funds managed by Mr Rock are transferred to Architas.

Tom Jemmett has joined **Brewin Dolphin's** fund research team as a fund analyst. Mr Jemmett joins from BlackRock.

Sophie del Campo has taken on the role of country head for Spain and Portugal for **Pioneer Investments**. Ms del Campo was previously at Crédit Agricole Asset Management in Madrid.

Halbis, has recruited **Ed Conroy** as a Russian equity analyst. Mr Conroy joins from Aberdeen Asset Management.

Abu Dhabi Investment Company has appointed Nazem Al Kudsi as CEO. Mr Al Kudsi

was chief investment officer at the National Bank of Abu Dhabi Asset Management Group.

Henderson Global Investors has appointed **Michael Neal** as director of property for its UK Retail Warehouse Fund. Mr Neal joins Henderson from Goodman Property Investors where he was responsible for the management of Goodman's retail park funds.

Kenmore Property Group has appointed **Christian Hannover** as investment manager in its Dubai office. Mr Hannover moves from American Asset Cooperation, New York.

GLG Partners has hired **Jamil Baz** from Pimco to join the alternative asset manager as chief investment strategist.

Standard Life Capital Partners has hired **Jamie Ebersole** as senior investment director (private equity), North America. Mr Ebersole previously worked for Allianz Private Equity Partners where he was head of the New York office.

Alexey Mashchenkov has joined **Alpcot Capital Management** as an investment manager. Mr Mashchenkov previously worked for Bain & Company in San Francisco and in Moscow.

Tapio Pekkala has joined hedge fund manager **Heptagon Capital** as an investment manager, from Blue White Alternative Investments.

Tim Dickson has left Scottish Widows Investment Partnership, where he was investment director for global emerging markets and Asia, to join **Invesco Perpetual** as a fund manager on the Asian equities team.

Octopus Investments has appointed **Matthew Setchell** as investment manager. Mr Setchell joins from Shore Capital.

Gartmore Investment Management has hired **Dominic Rossi** as chief investment officer from Threadneedle Asset Management, where he was head of equities.

Barclays Wealth has appointed **Pheabe Chau** as Singapore head of investment specialists. Ms Chau was most recently senior vice-president, investment advisory, at Coutts Bank von Ernst.

GAM has appointed an investment director, **Mark Hawtin**, who joins from Marshall Wace Asset Management.

UK private equity partnership **Rutland Partners** has appointed **David Wardrop** and **Tristan Craddock** as investment manager and investment executive respectively. Mr Wardrop was previously an investment manager at Close Brothers Corporate Finance, while Mr Craddock joins from Ernst & Young.

David Sanders, formerly a senior fund manager at the National Bank of Abu Dhabi, has joined **ADIC Asset Management** as chief investment officer.

GLG Partners has hired **Andrew Knott** and **Anthony Burton** as portfolio managers covering energy and technology respectively. Both were previously at Merrill Lynch.

Tony Broccardo has been named as inaugural chief investment officer of the **Barclays UK Pension Fund**. Mr Broccardo was previously group chief investment officer at F&C Asset Management.

Brian Stack, formerly of Long Trail Investment Management, has been named as manager of **Pioneer Investments' Growth Opportunities fund**.

Blackstone Alternative Asset Management has named **Olivier Meyohas** as managing director to head its London office. Mr Meyohas was previously at Goldman Sachs.

BDO Stoy Hayward has hired **Neil Fung-On** from Smith & Williamson as a specialist investment management and funds partner.

Peter Mackaness has joined **Threadneedle** as a property investment specialist. Mr Mackaness was previously head of marketing at Axa Real Estate Investment Managers.

Heartwood Wealth Management has appointed **Scott Ingham** as investment director from Rothschild Private Banking and Trust.

Neil Richardson, formerly of Citigroup Global Markets, has been named as **Resolution Asset Management's** inaugural deputy head of UK equities.

Doughty Hanson veteran **Robert Savage** has joined **Greenpark Capital** as a London-based investment director.

Cindy Lau, formerly of the Monetary Authority of Singapore, has joined **T Rowe Price** as an associate portfolio manager.

Karen Clark has been named director of investment management for **Newton Investment Management's** private client division. She joins from BNY Mellon

Paul Boyne, has joined **Invesco Perpetual** as a fund manager in its global equities team. He joins from Bank of Ireland Asset Management

Standard Life Investments has appointed **Andrew Millington** as investment director, UK equities. Mr Millington was hitherto at Baillie Gifford.

Roman Berri, formerly of 47° North Capital Management, has joined **Axa Investment Managers'** fund of hedge fund business as a portfolio manager.

Benson Elliot has named **Joseph DeLeo** as director of portfolio management

BDO Stoy Hayward Investment Management has hired a portfolio manager and two hedge fund analysts. **John Smutniak** joins from Lyonross Capital Management, **Dev Jadeja** from Old Mutual Asset Managers and **Rahul Saito** from RMF.

Standard Life Investments has created the position of investment director, southern Europe, hiring **Will Pawson** of Morley Fund Management.

Samena Capital has hired five investment professionals, **Celia Farnon**, **Swaroop Patel**, **Robert Clements** and **Lien Ber Luen**.

Cambridge Place Investment Management has appointed **Stephen White** as chief investment officer for Europe.

Schroders Hong Kong is strengthening its Asia ex-Japan investment team, taking on **Manish Bhatia** as senior fund manager. Before joining Mr Bhatia was head of Asia Pacific ex-Hong Kong and China at Manulife Asset Management, responsible for managing several Asia Pacific portfolios and country funds for India and Taiwan.

Bowmark Capital is expanding its investment team. **Julian Masters** joins the mid-market private equity firm as a partner and Tom Shelford as an investment director.

Mesirow Financial is taking on the entire international equity team from Bear Stearns Asset Management, headed by **Leila Heckman** who becomes senior managing director and head of international equity. **John Mullin** and **Vijay Kumar Chopra** are also joining as senior managing director and managing director respectively. Both men were previously managing directors and portfolio managers for the active country equity team of BSAM.

New fund launches

JS Fund Management has launched four offshore funds investing in Pakistan. The range includes balanced, income, index and Islamic funds.

Baring Asset Management is launching a Middle East and North Africa fund, subject to regulatory approval. It aims to provide long-term capital growth by investing primarily in Mena countries and will be managed by Ghadir Abu Leil-Cooper, who heads the emerging Europe, Middle East and Africa equities team.

Another North Africa fund is being unveiled by **Julius Baer** in the UK, following its offshore launch last September. The fund, which has \$170m under management, has its biggest holdings in Egyptian and Moroccan stocks.

Dow Jones Indexes has rolled out the Dow Jones GCC Titans 40 Index, as part of its family of GCC indices. It measures the performance of 40 component stocks traded in five of the six Gulf Cooperation Council member states: Bahrain, Kuwait, Oman, Qatar and United Arab Emirates. The index has been licensed to **Van Eck Global** to serve as the bases for an exchange traded fund.