

Response to the Financial Reporting Council Consultation on the Revised UK Corporate Governance Code

The Irish Stock Exchange (the 'Exchange') welcomes the opportunity to comment on the Financial Reporting Council's consultation on the revised UK Corporate Governance Code. We believe that the structural and content amendments to the Code, including the incorporation of some of the recommendations made by Sir David Walker, should facilitate listed companies in delivering to the spirit, as well as the letter, of the Code.

Introductory Section of the Code

The changes to the introductory section of the Code deliver greater clarity on the objectives of the Code and the confines within which it operates, and in our view succeed in reinforcing important messages about the way that the Code should be viewed and applied.

Re-election of Directors

Regarding the two options presented, we have a preference for the Chairman, rather than the entire board, being subject to more frequent re-election by shareholders. Annual re-election of an entire board could have a destabilising effect on the board, particularly for smaller companies. We consider that the re-election of the chairman every two years, rather than annually, may be more appropriate for smaller listed companies.

Disclosure requirements

In our view boards should use their annual reports as the principle vehicle for demonstrating to investors that the governance culture, processes and procedures within their companies are robust.

Although we believe that the disclosures required under the Listing Rules should continue to be set out in the annual report, we consider that there is merit in permitting listed companies to include corporate governance disclosures under the Code on their websites.

Irrespective of where the disclosures are actually set out, we believe that the most important issue is the quality of disclosures provided by companies, and we fully support revisions to the Code which seek to facilitate companies delivering more meaningful information to investors.