



News Release

Newsdesk

Not for use before 1 pm, Wednesday June 30th 2010

TASC publishes Submission to the Financial Regulator on corporate governance in the financial sector

“Statutory, strict, enforceable and transparent corporate governance regulations crucial to securing our economic future”

Independent think-tank TASC today published its Submission to the Financial Regulator relating to the Regulator’s Consultation Paper on corporate governance requirements in the financial sector. Commenting on the Submission, TASC Director Paula Clancy – who co-authored the think-tank’s recent research report, ***Mapping the Golden Circle*** – said:

“We cannot afford to go back to ‘business as usual’ by making merely cosmetic changes to the codes governing corporate governance. It is clear that, for years to come, Irish society will be paying the price – in the form, for example, of bank bailouts – for poor corporate governance. But corporate governance is not merely an issue in the financial sector: rather, we need to reform the corporate governance of all private companies and state-owned bodies.

“A new regime of corporate governance must be based on a fundamental shift from the failed notion of ‘shareholder value’ to real stakeholder involvement. That will require stricter and more transparent rules to safeguard the interests of citizens affected by the behaviour of companies.

“Statutory, strict, enforceable and transparent corporate governance regulations are crucial to securing our economic future”, Ms. Clancy concluded

ENDS

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Note to editors

TASC’s Submission to the Financial Regulator is available in full on the TASC website (www.tascnet.ie)

The following are among the requirements which TASC urges the Financial Regulator to include:

- Recognise the public interest as the basis for corporate governance and its regulation;
- Recognise risk as applying to the wider public interest in the economy and society, as well as to a company and its shareholders;
- Recognise the lack of diversity as a risk to good governance on boards;
- Require institutions to increase the diversity of directors on their boards, including through employee representation and a 40 per cent gender quota;
- Recognise sustainability and moderation as relevant factors to be considered when boards are setting remuneration levels;
- Recognise certain requirements of corporate governance as 'core', such as those governing independence and conflict of interest, to which proportionality should not apply;
- Publish guidelines and clarifications about certain key issues, such as time commitment by board members;
- Publish guidelines and clarifications in relation to how the Financial Regulator will arrive at decisions in enforcing these requirements;
- Publish clearly the sanctions that can be used to enforce the Financial Regulator's requirements, and to seek new legislation from the Government to supplement these sanctions where they are weak or non-existent;
- Require institutions to make certain information publicly available online;
- Make the requirements applying to the Central Bank stronger than those governing other financial institutions.
- Make stronger requirements in relation to independence, conflict of interest and the role of independent non-executive directors;
