

Irish Stock Exchange Response to the Consultation by the Department of Jobs, Enterprise and Innovation on the transposition of EU Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

The Irish Stock Exchange (ISE) welcomes the opportunity to comment on the transposition of EU Directive 2014/95/EU amending Directive 2013/34/EU (Accounting Directive) as regards disclosure of non-financial information and diversity policies by certain large undertakings and groups.

By way of background, the ISE operates the regulated market (Main Securities Market) in Ireland on which equity securities, government bonds, collective investment undertakings and debt securities are admitted. In addition, the ISE operates three multilateral trading facilities, the Enterprise Securities Market, the Atlantic Securities Market and the Global Exchange Market. At the end of April 2015, the ISE had 53 quoted equities admitted to trading on its markets, 35 government bonds/treasury bills, 2,133 funds and sub-funds listed (with 1,558 of these being Irish regulated funds), as well as over 3,600 debt issuers, many of which are non-EU issuers.

Response to questions

Articles 19a and 29a – Non-financial statement and consolidated non-financial statement

Question 1 - Articles 19a (1) and 29a (1)

Do you consider that Irish company law should permit information to be withheld in certain circumstances? Please give reasons for your preference.

Yes, the ISE believes there should be some flexibility so that companies can at times withhold certain sensitive information that may prejudice commercial activities. This approach would be consistent with the approach taken in other EU legislation that applies to issuers on our regulated market, such as the Prospectus Directive and the Market Abuse Directive.

Question 2 – Articles 19a (4) and 29a (4)

Do you consider that Irish company law should permit companies to publish the non-financial information in a report separate from the management report? Please give reasons for your preference.

Yes, the ISE believes companies should be permitted to publish non-financial information in a report separate from the management report as this provides more flexibility. It would mean the information could be more up-to-date and relevant rather than having to be reported within a specific time frame linked to the management report.

Question 3– Articles 19a (6) and 29a (6)

Do you consider that Irish company law should require information to be verified by an independent assurance provider and, if so, how would that service be provided? Please give reasons for your preference.

No, the ISE does not believe the information should have to be verified by an independent assurance provider. The directors are responsible for this information so that should be sufficient oversight. We are of the view that this proposed additional requirement would be an unnecessary and onerous burden. Furthermore, we consider this would not be in line with the general current approach in the EU, as set out in the European Commission's recent initiative on Capital Markets Union to try to decrease costs and administrative burdens for companies where possible and appropriate.

Article 1(2) – Amendment to Article 20 of Directive 2013/34/EU on content of the corporate governance statement

Question 4– Article 1(2)

Do you consider that companies with securities other than shares admitted to trading on a regulated market, and which do not have shares admitted to trading on any market, should be exempted from making disclosures relating to their diversity policy?

Yes, the ISE supports this exemption as we believe it would not be appropriate to require issuers other than those with shares admitted to trading on a regulated market to make disclosures relating to their diversity policy. For instance, many of the issuers of debt securities that are admitted to the ISE's regulated market (the Main Securities Market) are special purpose vehicles (SPVs) that are set up specifically for the purpose of issuing the debt and only have a minimum number of directors. Therefore, we believe it would not be appropriate for them to have to make disclosures on diversity policies as would be the case for other, more standard companies where it would be more relevant.