

Markets Supervision Department
Financial Regulator
P.O. Box 9138
College Green
Dublin 2

21 May 2009

Goodbody Stockbrokers response to Consultation Paper CP36 - Disclosure of Grants of security over shares

This letter sets out the view of Goodbody Stockbrokers in relation to the questions posed by the Financial Regulator regarding the disclosure of grants of security over shares.

Preferred Option

The Goodbody view is in agreement with the preferred option of the Financial Regulator. We support the amending of the Market Abuse Regulations to reflect option 2. We believe that pledged shares should be disclosed to the market for, inter alia, the following reasons:

- Companies are judged according to their compliance with best practices in relation to corporate governance;
- Good market transparency concerning important information is increasingly important to market participants and has been echoed in the UK financial press. Disclosure of grants of security reflects the spirit, if not the letter, of the Market Abuse Regulations;
- The legal certainty that would ensue from changing the Market Abuse Regulations to reflect Option 2 would promote certainty and confidence in the regulatory framework;
- Ireland should be proactive in responding to the increased interest in full disclosure of PDMR dealing and pledging of shares and in codifying best practice;
- Whilst it currently may not be legally required to disclose pledged shareholdings, the spirit of the various regulations imply a disclosure requirement;
- The granting of security over shares can indicate a change in the relationship between the PDMR and the company. The market knows the significance of the holding of a PDMR but it is equally important to know where the control of the holding sits and, in our view, may form part of the investment decision process.
- FSA guidance requires PDMRs of public companies admitted to trading on the Official List of the FSA to disclose pledged shares. With most Irish public companies admitted to trading on markets in Ireland and the UK it would be less than transparent to avoid disclosure by virtue of being incorporated in Ireland (and not regulated by the FSA).

Informal grant of security

We do not know what an “informal grant of security over shares” is and have no comment on this.

Cost /benefit of regulatory change

The mechanism to report PDMR transactions is in place. We believe that any incremental cost incurred to comply with any update in the legislation would be small compared to the benefit of introducing the change in the Market Abuse Regulations.

Other legal issues

We have no comment on this topic.

If you have any queries or wish to discuss this subject further please contact us.

Yours faithfully,

A handwritten signature in blue ink that reads "Diane Hodgson".

Diane Hodgson
Director of Corporate Broking
Goodbody Stockbrokers
+353 1 6419216
diane.e.hodgson@goodbody.ie

