

## Meeting notes released to FoE as part of pre-action response

- **Hermes note (08/06)**

He thinks the OFR is colossally over-engineered and says this is also what the accountants are saying. If we wanted deregulatory win with appeal to big business, a radical symbolic stripping-down of the OFR would go down incredibly well. I see his point. Is it feasible?

- **ABI email/filenote (12/08)**

OFR. ABI like it in principle but think 'it's one of those things that gets worse as soon as you put it into law'. They dislike all the compromises made to the environmental and CSR lobby but think ASB has done a very good job of not making these more onerous with additional prescriptive requirements in the draft standard. Most interestingly, they attach no weight to having the OFR bit audited. They like the additional presumably forward-looking disclosure requirements but think that directors should be able to make these without the pressure of an audit requirement (perhaps even without legal liability if I heard them right!). That way you get the more informative disclosure they seek and avoid boilerplate. Promising.

- **Filenote of meeting with London Stock Exchange (19/08)**

OFR - LSE consider that the main focus of OFR is to protect retail investors. Their concern is the additional burden being imposed on companies to protect a segment of the investor market that is 3% and diminishing. They are further concerned that investors are not even going to use this information (feedback LSE has received from professional investors is that they do not use the OFR information).

LSE is concerned that the increased transparency requirements of the OFR opens Main market companies to unfair competition by forcing them to expose their business strategies in ways that competitors off the Main market are not required to. They advise this has had a material impact on some companies' decisions about which market they trade on, with some choosing to remain on Aim if only to give them a couple of years to operate with lower levels of transparency so they can better establish their business.

LSE also advised that there was some confusion about what is actually required in the OFR, for example, which KPIs to include and what degree of disclosure is required.

- **Note of meeting with informal advisory group (08/11) (Representatives<sup>1</sup> from: APCIMS, LIBA, IMA, London Stock Exchange, BBA)**

Deregulatory suggestions: *[inter alia]*  
-abolish the need for an OFR from listed firms

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<sup>1</sup> Note (for general information, and not included in the original meeting note): The informal advisory group meets very occasionally to discuss issues relevant to financial markets and is one of the many ways in which the Treasury seek to identify areas where further work on aspects of financial regulation may be worthwhile. Its members are invited on a personal rather than organisational basis, the discussion is very informal and the proceedings are on a Chatham House basis. At the meeting referred to, towards the end of the meeting the idea that the OFR regulations could be scaled back was put forward by some members of the group. There was no detailed discussion of this item and it was not an idea supported by all members of the group. The Treasury, which had already done some internal analysis on the OFR (see the note dated 29 September) neither commented on nor discussed the idea further at this meeting.