

Appendix 1 – Table of recommendations

We collate the recommendations, including an indicative priority and a proposed time-scale for implementation, which will be included after consultation:

Ref	Section	Recommendation	Priority	Time-scale	AFM Comment
1.	6.1	The process be documented including checklists to ensure that there are no gaps in any stage of the process and appropriate check and review controls be more formalised.	M/L	2013	Mazars has largely mapped out current process; review again as part of wider Code review.
2.	6.2	The AFM should proactively solicit feedback from the FSA and HMT, and consider implications for the format and content of the report.	H	Nov 2012	AFM has met FSA and FRC to elicit feedback. HMT chased on September note to verify they have outsourced responsibility to FSA.
3.	6.2	The AFM should report by Code Provisions rather than Principles.	H	Q4 2012/ Q1 13	This will improve alignment of reporting and make the AFM report more useful for member benchmarking. When we send out the revised questionnaire early in December we will reiterate to members the need comply with each provision in the Code or explain how good governance can be achieved by other means. This communication to members will reinforce the need for members to operate a sound "comply or explain" process according to the approach as set out in pages 9 and 10 of the Code.
4.	6.2	The FRC be approached to request access to data upon the listed sector and consideration given to its use; either publicly or	M/L	Nov. 2012	FRC does not maintain the same compliance exercise as AFM, and does not

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		privately.			'own' company data; it is though supplying input via discussion and outputs of its review work
5.	6.3	The guidance accompanying the annotated code should be updated for changes in the code and latest best practice for UK plc including the adaptations for smaller listed companies. Significant implications for the annotations themselves should also be considered.	M	2013	A review of guidance and annotations will be part of the proposed wider review of the Code in 2013. We have also committed to providing new training for NEDs on governance (and other issues)
6.	6.4	Consideration be given to undertaking a limited assurance review by a member or associate member to confirm the accuracy of the compilation of the report.	M	2013	As part of the 2013 review we will consider making the full compliance process electronic with built in assurance provided
7.	6.4	The terms of reference of the AFM Regulation Committee should be supported by more details of how those terms should be satisfied and proper oversight achieved	M	Oct. 12/ Q1 2013	This was established in September and approved by the AFM Board in October. The Regulation and Governance Committee is planning how best to revise its mode of operation to give due balance to these wider duties.
8.	6.4	The Regulation Committee should assess the extent to which the code supports the governance aspects of Solvency II and their interaction.	M	2013/14	We should factor this into our 2013 review, depending on the extent to which Solvency II requirements are explicit enough, and the degree to which we agree to deviate from the current (non-industry-specific) code.
9.	7.1.1	Consideration should be given to the merits of a shorter questionnaire eliminating the burden of near or actual duplication of questions.	H	Q4 2012/ 2013	We have taken account of feedback from Mazars in simplifying the questionnaire for 2013. This has reduced the length by around 10%, and is seen as a realistic position at this stage to enable timely release of the questionnaire. We will consider further ways of simplification as part of the 2013 review - in particular how

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					we can use technology to enable this.
10.	7.1.2	The annotations should be reviewed or guidance updated to provide greater clarity on what might be proportionate to organisations of different size.	M	Q4/2013	Whilst some consideration has been given to this now, the main attention will be to the 2013 review. We will also maintain regular communications to members through the normal compliance cycle (H1 2013).
11.	7.3	The submission to the AFM should include a free-form to allow comments specifically upon the completion of the process and issues encountered. These should be fed back to members, possibly as a bulletin, with an opportunity for further comment.	H	Q4 2012	This will be incorporated into the online summary format issued as part of the compliance exercise distributed in December.
12.	8.1.1	The annual questionnaire should be prepared and distributed earlier.	H	Q4 2012	We expect to issue the questionnaire two months earlier for the next exercise- in the first week of December.
13.	8.1.1	Consideration should be given to an electronic version of the annual questionnaire that automatically cross-populates answers to near duplicates, links to annotations, validation warnings and attachment of evidence.	M	2013	This should flow from the wider review of the Code next year.
14.	8.1.1	Consideration should be given to whether the annual questionnaire should simply be submitted with the AFM extracting only certain fields.	M	2013	The Committee recommends the AFM Board funds a new online template, to enable members to complete the questionnaire, and for this to automatically populate the AFM extracts
15.	8.1.2	The annotations should be reviewed or guidance updated to ensure that they contribute to greater consistency of application of the code.	M	2013	As per 5.
16.	8.2	Consideration should be given to whether a summary of the governance matters in the annual report and accounts be also	M	2013	This is a valuable insight as to the nature of dialogue with members, and we will seek to

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		included in the summary reports to members or a cross-reference be made to a governance report on the website.			explore to what degree there are any.
17.	8.2	The format of the AFM report to the FSA and HMT be reviewed to assess whether a more factual based report should be prepared.	L	2013	FSA has indicated it would be happier for a revised report that aids benchmarking by companies and sees regulators as a secondary audience.
18.	8.3	Consideration should be given to a facilitated best practice sharing workshop on the code under 'Chatham House' rules.	M	2013	Would be useful to develop a basis for user-testing any changes to the Code and compliance exercise in 2013.
19.	8.3	Consideration be given to whether the AFM's report needs to be annual or at two or three year intervals (subject to regulatory support).	L	2013	FSA has indicated that in future PRA would use the results of the exercise annually, as part of its 'peer group analysis'
20.	8.4	Annual consideration of the code and the timing of issue of any new code should be formally timetabled for the AFM Regulation Committee.	M	Oct. 2012	This is now included in the delegated responsibilities and Terms of Reference for the Regulation and Governance Committee (approved by Board in October)
21.	8.4	Consideration should be given to how data submitted by individual members might be periodically validated, including review of supporting evidence.	M	2013	To consider as part of the 2013 review, and in light of enhanced responsibilities for audit committee in most recent version of FRC code (copied into 2012 version of AFM annotated code).
22.	8.4	Consideration should be given to an in-depth review of the code, and how it is adapted for the sector (via the annotations and guidance).	M	2013	As indicated, the Committee has recommended to the Board a detailed review of the Code in the first half of 2013, leading to a revised Code to take effect for financial years from 1 January 2014, and with an appropriately amended compliance exercise.