

CAD-01071
a Sir Adrian.

COMMITTEE
ON
THE FINANCIAL ASPECTS
OF CORPORATE GOVERNANCE

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M Sandland Esq
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Dear Mr Sandland

Please find attached papers which follow up the first meeting of the Committee on 15 July.

At the short meeting which you had with Sir Adrian Cadbury earlier on 15 July, you said that you would have no objection to discussing the role of the institutional shareholder at the Committee's next meeting on 11 September, but that you would be grateful if I would write to you well in advance setting out what was envisaged.

What I have in mind is that the Committee should have a two-part discussion under the heading of Role and Responsibilities of Shareholders (whether institutional or otherwise). One part would be directed at identifying the main issues. I would circulate a short paper to prompt debate but it would not attempt detailed analysis. The objective would be to flush out what aspects of the subject, if any, the Committee wanted to consider in reasonable depth later on. (I am not specifically asking for help with the paper but if you had any thoughts about what might go into it, or could point me in the direction of good recent published material, I would be extremely grateful.)

The second part would be directed at the ABI discussion paper on the Responsibilities of Institutional Shareholders. I would envisage your introducing the paper to the Committee and commenting on the feedback you have received so far. I would then envisage the Committee considering how far and in what way it would wish to endorse the paper in its own report, in the light of your own steer about what the ISC would find most helpful. Obviously the Committee would need to recognise that the paper might be subject to change before it was formally adopted by the ISC.

We might also look at the Institutional Fund Managers Association's paper on Voting by Shareholders, if it is available. I have not yet seen it however and so I am not sure how it would best fit into the discussion.

I hope this is acceptable to you. I will be on holiday until 19 August but will be very pleased to discuss any difficulties with you when I am back.

Yours sincerely,

Nigel Peace

Nigel Peace
Secretary

cc Sir Adrian Cadbury