

Handelsbanken Life & Pension

Ground Floor, La Touche House, IFSC, Dublin 1
Ireland

Prudential Policy Unit
International Credit Institutions
Financial Regulator
PO BOX 9138
College Green
Dublin 2

30 June 2010

Dear Sir / Madam,

Handelsbanken Life & Pension Ltd (HLP) would like to make our submissions regarding the CP 41.

HLP support the aim of aligning corporate governance requirements for credit institutions and insurance undertakings. However, we are of the opinion that some of the proposed provisions are too detailed and in some respects unclear. This may cause uncertainty as the provisions are put into practice.

More specifically, we believe that the detailed provisions regarding composition of the Board will give rise to problems in finding independent non-executive board members and result in significantly higher costs. This will be a problem both for existing small companies as well as any company wishing to establish business in Ireland as the additional costs will adversely affect profitability.

In addition we would like highlight some parts in CP 41 which we feel are too detailed and in some respects vague. We believe the effect of some of these provisions could be to cause unnecessary problems and expense for the boards of directors and companies and be counterproductive to the aims of CP 41

In this regard we would mention in particular the following provisions:

Page 3 – section 1.5 last point;” Require annual confirmation of compliance to the Financial Regulator”.

The scope of ”compliance” is vague. Perhaps a better approach would be a requirement for a confirmation from the Board/Directors that it/they are not aware of any instance of non-compliance .

Page 11 – point two; ”whether the individual is or has been employed by the financial institution or a group company in the past and the post(s) so held;”

If someone who was at some stage employed in a group company is deemed not to be independent this makes it difficult for a small foreign company to form a board of directors who have knowledge of the business and at the same time meet the proposed requirements in CP 41.

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Page 18 - section 5.6; the provision that a chairman shall be an independent non-executive director makes it difficult for a new small (foreign) company to find a chairman who has the requisite knowledge of the business and at the same time has the proposed requirements of expertise in CP 41.

Page 18 - section 5.8; "Chairman.....the prior approval of the Financial Regulator shall be obtained prior to taking on any other directorships."
Finding an independent chairman for a small company is likely to be problematic if the FR has the right to approve any other directorship. Candidates for the role of independent chairman would have to think twice before accepting such a position, knowing that any other directorship might be questioned by FR.

Page 20 - section 7.3; "The independent non-executive directors shall have a knowledge and understanding of the business to enable them to contribute effectively."
It could cause a problem for a small (foreign) company to find a sufficiency of such skilled persons to form a majority of the board. See section 4.1 in CP 41.

Page 22 - section 9.7; "Any decision to remove head of Control Function shall be reported within 5 working days to FR."
This is a very short time of notice.

The above represent HLP's views on the proposals at this time.
If HLP have any further considerations following discussions with HLP's lawyers, HLP will forward them to you.

HLP believe that the application of proportionality to these proposals will be critical to achieving an outcome, which will make for improved regulation and at the same time enable smaller organizations with limited resources to continue to operate in a viable manner.

Please, feel free to contact me regarding questions about HLP's answers above!

Dublin 30 June 2010.

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Handelsbanken Life & Pension Ltd

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