

Dear Sir,

Following recent publication of your consultation paper 51 could I please seek clarification on the following:

1. In your Corporate Governance Code 2010, you quite rightly in effect created the new position of independent non-executive director in addition to the existing non-executive and executive directors. You also defined group directors. The Code, inter alia, sets out that no one person can hold more than five “financial directorships” at any one time nor can a person be a Chairman of more than one credit institution. A majority of the board and its chairman shall be independent non-executive directors.
2. In a submission to you last year in reply to your corporate governance consultation paper, whilst welcoming your “creation” of the position of independent non-executive director, I did ask that you would include in your criteria for independence whether or not an indifference holds more than one “financial directorship”. You chose not to include it.
3. Now in your proposed draft regulations you state that the term “director” shall include a shadow director and an alternate or substitute director. However, in Schedule 2 Part 1 (paragraph 1(a)) you include only executive directors and non-executive directors as pre-approval controlled functioners.

Is it your intention to exclude independent non-executive directors and / or group directors from the regulations? If it is not then I would strongly suggest that your draft be amended to include reference to them so that at least the same “titles” are being used in both the corporate governance code and the Fit & Proper regulations.

I hope the above preliminary comment is of assistance.

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