



ST. JAMES'S PLACE
INTERNATIONAL

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Received in
Policy and Risk

30 SEP 2013

Risk, Governance and Accounting Policy Division,
Central Bank of Ireland,
P.O. Box 559,
Dame Street,
Dublin 2

26 September 2013

Re: Formal response to Consultation Paper 69 – Review of Corporate Governance Code

Dear Sirs,

On behalf of the Board of St. James's Place International (SJPI) I wish to make the following comments on the recently published Consultation on the Review of the Corporate Governance Code for Credit Institutions and Insurance Undertakings (CP 69).

We would firstly like to note that we acknowledge the many benefits that the Code originally introduced in 2010 has brought to the financial services sector in Ireland. We see implementation of the Code as providing a benchmark against which to assess our internal control framework and as a consequence have invested significantly over the past 3 years to ensure our full compliance with all relevant obligations as detailed in that code.

Having said that, we very much welcome the fact that several proposals detailed in CP69 acknowledge the reality that companies such as SJPI are part of a major financial group and as such already benefit from a robust internal control environment.

Therefore, we are strongly supportive of the following proposed amendments to the Code:

- Ability for directors to attend board and committee meetings by video or phone, when physical attendance is not possible.
- Chairman of Irish entity may also hold a similar position in another financial institution provided it is within the same group and he/she has sufficient time available to fulfil these roles.
- CEO of Irish entity may also hold similar position in 2 other financial institution provided they are within the same group and he/she has sufficient time available to fulfil these roles.
- The board should meet at least 4 times per year and at least once in each half year (as opposed to the current requirement for quarterly meetings).

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Registered Office: Fleming Court, Flemings Place, Dublin 4, Ireland. Established and Registered in Ireland Number 185345.

Directors: Andrew Croft (British), William Alterman (British), Cecil Hayes, Fintan McKeon,
Sheelagh Malin, Kevin O'Brien, Michael Power (British)



However, there are also several proposals in CP 69 that we view as being overly cumbersome and not adding any value to effective Corporate Governance for a company such as SJPI. Following the same numbering system as CP 69, these are:

Section 19.7 – Proposal that Chair of the audit committee shall be a member of the risk committee and the Chair of the risk committee shall be a member of the audit committee.

Whilst we acknowledge the general principle that committees may benefit from cross membership, we also argue that it is the responsibility of each individual institution to examine how this can best be achieved. SJPI has three independent non-executive directors on its Board. One Chairs the Audit Committee, another Chairs the Compliance and Risk Committee and the third is a member of both committees. In addition, we have recently instigated a practice whereby there will be a joint meeting of the Audit and Compliance and Risk Committees on an annual basis.

Section 22.1 – Proposal that an audit committee be composed of at least 3 members

The 2010 Code requires that an audit committee be of sufficient size to “handle the size and complexity of the business conducted by it”. We are of the view that the board of a company is best placed to judge how many members the audit committee should have in order to be effective. There is already a requirement that all members of the audit committee be comprised of non-executive directors (the majority being independent). Taken in conjunction with the obligation that the Chairman of the board must be a group or independent non-executive director, but cannot be a member of the audit committee, the above proposal could have the effect of requiring companies to appoint additional non-executive directors simply to comply with this requirement.

It should also be noted that SI 220 of 2010 (Statutory Audits Directive) requires audit committees to have no less than 2 independent non-executive directors as members.

Section 23.4 – proposal that the risk committee be composed of a majority of non-executive directors

The 2010 Code requires that the risk committee have sufficient numbers to “handle the nature scale and complexity of the business.” We are of the view that the board of an institution is best placed to judge how many members the risk committee should have in order to be effective.

Additionally, if the above proposal were to become part of the revised Code, situations could arise whereby valuable experience is lost to the committee (for example Chief Risk Officer, Compliance Officer, MLRO) simply to ensure that this prescriptive requirement is adhered to.

In summary, we welcome the opportunity to give feedback on the effectiveness of the current Corporate Governance Code and trust that the above points will be given due consideration

Yours Sincerely,

Michael Walsh
Compliance Officer