

**ASSET MANAGEMENT AND INVESTORS COUNCIL**

Baroness Sarah Hogg  
Chairman  
**Financial Reporting Council**  
5th floor, Aldwych House  
71-91 Aldwych  
London, WC2B 4HN

London, January 17, 2011

Dear Sarah,

**FRC Stewardship Code**

The ICMA Asset Management and Investors Council ('AMIC' or 'the Council') was established in March 2008 to represent the buy-side members of the ICMA membership. ICMA is one of the few trade associations with a European focus having both buy-side and sell-side representation.

The AMIC composition embraces the diversification and the current dynamics of the industry – representing the full array of buy side interests both by type and geography. The AMIC's focus is on issues which are of concern to its broad membership, rather than having a specific product focus.

I write to confirm on behalf of the AMIC our public support for the UK Stewardship Code and to welcome the Financial Reporting Council's initiative to encourage investors to publish a statement on their website of the extent to which they have complied with the Code.

Institutional investors have been criticised for not exercising their responsibilities as shareholders and failing to hold boards to account for their activities. Regulators are calling upon institutional investors to be more proactive in participating in the management of companies. The members of the AMIC have already stated that the industry needs to improve in this area. Asset managers have clients worldwide, all subject to different sets of rules. The AMIC believes that it is good practice to be transparent (and publish voting records for instance) and to ensure that clients are made aware of certain issues to be voted on.

The AMIC welcomes efforts that have been made to improve corporate governance standards through market-led initiatives such as the FRC Stewardship Code. The AMIC believes that the asset management industry should adopt the Code. Council members recognise it is on a comply-or-explain basis. Although the AMIC considers that being engaged is part of the commitment when taking a stake in a company, it is important to emphasise that asset managers are not the ultimate owners of the assets. Any regulation trying to regulate the agents as a proxy for encouraging desired behaviour by principals may be counterproductive, as agents can only act on behalf of their clients as contractually agreed. If principals decline to empower agents, or go further and positively instruct them not to act, agents have no authority to follow regulators' instructions to do otherwise.

The AMIC also believes that the European and international dimensions of the corporate debate are key and urge the FRC to work with the relevant authorities. While the provisions included in the Stewardship Code are specific to the UK, AMIC members believe that the seven principles in the Code have international relevance and could be applied globally. AMIC members are looking to do this and would look to the support of the European and EU member state authorities in so doing.

The AMIC corporate governance working group has welcomed the interaction with the FRC and is at your disposal to discuss this topic.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Robert Parker', with a long horizontal stroke extending from the end of the name.

Robert Parker  
AMIC Chairman