

ASSET MANAGEMENT AND INVESTORS COUNCIL

Dr Dirk Andreas Zetzsche, LL.M.
Best Practice Principles for Governance Research Providers Group

consultation@bppgrp.info

London, December 20, 2013

Dear Dr Zetzsche,

Public Consultation on Best Practice Principles for Governance Research Providers

The ICMA Asset Management and Investors Council ('AMIC') 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.

The members of the AMIC have always shared the view that industry codes on a 'comply-or-explain' basis are better suited than rigid regulation to achieve higher level of investor engagement. An industry code is hoped to allow sufficient flexibility to accommodate different strategies, approaches and models while ultimately providing asset owners with relevant information.

AMIC members fully support the development of Best Practice Principles by research providers professionals to achieve better transparency on some issues, notably conflicts of interest. The use of proxy advisors allows investors to embrace more easily their responsibilities by facilitating their work on a difficult, technical and concentrated (short proxy season) issue. Without proxy advisors, fewer investors would be able to vote in an informed manner. However it remains clear that the responsibility of the actual vote fully belongs to the investor.

The Principles and their implementation should take into account the other Codes of Governance and their relevant sections on proxy voting and advisory service. The key is that there is clear transparency on procedures of engagement (with companies and investors) and meaningful disclosure on conflicts of interest. The ongoing governance of the implementation of the Principles will be key to the success of this initiative as well as the quality of the information received by users - investors as the main users of those services should be associated in the implementation of those standards.

We note that there are still unresolved competition and concentration issues in the market.

There is a need for the Code to be followed on a European, or international, basis as the multiplication of codes would be counterproductive as the activity of proxy

advisors and investors is often larger than their own domestic market.

The AMIC would be happy to discuss further with you the points made in this letter. The Secretary of the AMIC, Nathalie Aubry-Stacey, can be reached at Nathalie.aubry-stacey@icmagroup.org should you need further information.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Robert Parker". The signature is written in a cursive style with a long horizontal stroke at the end.

Robert Parker
AMIC Chairman