

Press release



Association of British Insurers



INVESTORS FORM NEW TOP COUNCIL, SET RIGHTS ISSUES ENQUIRY AS FIRST TASK

The Institutional Shareholders Committee (ISC) has agreed to establish a new senior body, the Institutional Investor Council (IIC), to build a single voice for the institutional investor community and strengthen its profile. Its objectives will be: to work closely with the Financial Reporting Council in promoting the new Stewardship Code for shareholders; to facilitate collective engagement by institutional investors with companies particularly in times of stress; and to provide industry-wide senior practitioner input to the authorities on issues relating to investments.

The ISC will now proceed to formalise a constitution for the new Council, involving the creation of a Nominations Committee to ensure high calibre, representative membership, and the election of a chair. The ISC will report on progress before the end of August. In the interim the ISC's Consultative Committee, chaired by Keith Skeoch of Standard Life Investments, will assume responsibility for delivering the objectives of the IIC. The new Council will complement and support the work of trade associations and the traditional role of the ISC in liaising between them.

The first act of the new Council will be to commission and oversee an enquiry by institutional investors into the fees paid on rights issues. This is to be chaired by Douglas Ferrans, Chairman of the Investment Management Association (IMA) and Invista Real Estate and a former chairman of Insight Investment. Mr Ferrans will consult widely and expects to report by the end of the year.

-ENDS-

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Notes for editors

<http://www.institutionalshareholderscommittee.org.uk>

- 1) The ISC is a forum which allows the UK's institutional investor community to exchange views and, on occasion, coordinate their activities in support of the interest of UK investors. Its constituent members are: The Association of British Insurers (**ABI**), the Association of Investment Companies (**AIC**), the Investment Management Association (**IMA**) and the National Association of Pension Funds (**NAPF**).
- 2) In November 2009 the ISC released details of its proposed Stewardship Code which set out best practice with regard to monitoring investee companies, dialogue with company boards and voting at general meetings. The ISC believes this is the first formal code for investors to be drawn up at national level. It also sets new standards in terms of disclosure and verification. The Code is currently being reviewed by the FRC after its own consultation.
- 3) The ISC agreed to review rights issue fees in March 2010 following discussions with the outgoing Government. Today's announcement, of the appointment of Douglas Ferrans as Chairman of the enquiry into rights issue fees, is the start of that process.