



The International Securities
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Susannah Haan
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Dear Ms Haan

Stewardship Code

I refer to the Institute of Directors' response to your consultation which was subject to a press release last week and would like to make a few comments.

Whilst I have no strong opinion as to whether there should be a special section on securities lending when you eventually publish your code, I would like to state that we commissioned a publication 'Securities Lending and Corporate Governance' which was endorsed by the ACT, BBA, NAPF, LSE and the Securities Lending and Repo Committee of the Bank of England, which encompasses most of the other relevant trade associations in this field. You may find a commentary and the full text here:

<http://www.isla.co.uk/dynamic.aspx?id=62>

As you will read, the text broadly supports the IoD's suggestions, and with regard to the comment on borrowing to vote explicitly states that securities should not be borrowed for the purpose of voting. This sentiment is repeated in the SLRC Code of Guidance

(<http://www.bankofengland.co.uk/markets/gilts/stockborrowing.pdf>), section C7.

You may also wish to know that a sub-committee of the SLRC is preparing a series of educational material primarily directed at lenders which will cover all relevant aspects of securities lending, including risk and voting. It is expected that these will be published in Autumn 2010.

I would be happy to discuss any aspects of securities lending with you.

Yours sincerely,

A handwritten signature in grey ink, consisting of a stylized 'K' followed by a long horizontal stroke that tapers to the right.

Kevin McNulty

The International Securities Lending Association (ISLA) represents the common interests of lenders and borrowers of securities internationally. ISLA has more than 90 members comprising insurance companies, pension funds, asset managers, banks and securities dealers representing more than 4,000 clients. While based in London, the Association has members from more than 20 countries. ISLA has an elected Board of twelve industry professionals from all parts of the industry.