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Dear Mr Hodge,

Consultation on proposed changes to the Combined Code

Prudential welcomes the opportunity to comment on the above consultation paper published in December 2007, arising from the review of the Code in 2007. We set out below our comments, from the perspectives of both an issuer and an investor, in relation to the specific questions raised in the consultation document.

Proposed change *Removing the restriction in provision A.4.3 on an individual chairing more than one FTSE 100 company.*

Comment **We agree the proposed removal of the restriction on a person chairing more than one FTSE100 company. We note that this will continue to be subject to Supporting Principle A.4 that states "Care should be taken to ensure that appointees [to the board] have enough time available to devote to the job. This is particularly important in the case of chairmanships". We believe that this together with the other existing measures contained in Code Provision A.4.3 should be sufficient to ensure that the individual can demonstrate that he can meet the expected time commitments demanded by the relevant companies.**

We agree the proposed drafting changes to Code Provision A.4.3.

Proposed change *For listed companies outside the FTSE 350, amending provision C.3.1 to allow the company chairman to be a member of, but not chair, the audit committee provided he or she was considered independent on appointment.*

Comment **We support the proposed amendment to allow the chairman of listed companies outside the FTSE 350 to be a member of the audit committee in addition to the independent non-executive directors, and that this should be subject to the requirement that he or she was considered independent on appointment as chairman. We support the continuation of the existing requirements for smaller companies to have at least two independent non-executive directors both on the board and the audit committee. We agree that the chairman of the company should not also be able to chair the audit committee.**

We agree the proposed drafting changes to Code Provision C.3.1.

Other proposed revisions to the Combined Code

Revised Preamble

Comment We are content with the FRC's intention to update the Preamble to the Code (which has no formal status) to reflect some of the main points arising out of its review in relation to the way the Code should be viewed and implemented.

Overlap with FSA Corporate Governance Rules

Comment We note the intention that the revised Combined Code should come into effect at the same time as the new FSA Rules needed to implement certain parts of Directive 2006/43/EC (Statutory Audit Directive) and Directive 2006/46/EC (Company Reporting Directive), which require listed companies to have an audit committee and to produce a corporate governance statement. The effective date is anticipated to be for financial reporting periods beginning on or after 29 June 2008. We note that in most cases the relevant provisions of the Code are more detailed or more onerous than the equivalent draft FSA Rules. We note that companies, whilst remaining free to choose whether to "comply or explain" with the relevant Code provisions, will need to ensure that they comply with the minimum requirements in the FSA Rules if they do choose to "explain".

We support the following additional proposals by the FRC. We believe that both will be very helpful to users of the Code:

- *Add footnotes to those provisions of the Code that overlap with the Rules, drawing this to companies' attention. This should ensure companies do not overlook the need to comply with the Rules when considering whether to comply or explain against the Code.*
- *Update Schedule C so that it lists all corporate governance disclosure requirements (i.e. those required by the Rules as well as those that companies are required to make in order to comply with specific provisions of the Code). This should enable companies and investors to find all the information they need about the content of the corporate governance statement in one place.*

Yours sincerely,



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