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Dear Mr Hodge

Consultation on the revised UK corporate governance code

The BBA has reviewed the proposed changes to the UK Corporate Governance Code and regards the structural and content changes to the code as a natural consequence of the Walker Review of the corporate governance in UK banks and other financial industry entities.

The changes look consistent with the underlying “comply or explain” approach of the code and are readily understandable. Additional wording where proposed looks consistent with the underlying principles of the code and can be viewed as helpful.

On the option between the annual re-election of the chairman or the annual re-election of the entire board, we take the view that the former should suffice in providing an appropriate level of accountability. This would leave intact the requirement that other directors be subject to election by shareholders at the first annual general meeting after their appointment and re-election thereafter at intervals of no more than three years; also the requirement that non-executive directors who have served longer than nine years be subject to annual re-election.

We note that the wording relating to the question of whether serving more than nine years may be relevant to the determination of a non-executive director’s independence has been relocated to sit within an expanded general statement on independence earlier in the text. While a non-executive would still need to stand for annual re-election following the nine year point, the revised code places this within the context of the board and its committees needing to consist of directors with the appropriate balance of skills, experience, independence and knowledge of the company.

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This appears to reflect view established within the Walker Review that for banks and other financial entities financial industry experience and independence of mind may be of greater relevance than a combination of lesser experience and formal independence. It nevertheless leaves a “comply or explain” assumption that non-executive directors serving for more than nine years should not be viewed as independent and it is arguable that the shift in emphasis is so subtle as to go unnoticed without further explanation.

Yours sincerely

A handwritten signature in black ink that reads "Paul Chisnall". The signature is written in a cursive style with a large initial 'P' and a long, sweeping tail for the 'l'.

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Executive Director

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