

Mr Chris Hodge  
Financial Reporting Council  
Fifth Floor  
Aldwych House  
71-91 Aldwych  
London WC2B 4HN

12 July 2012

Dear Chris

Please find attached Aberdeen Asset Management's submission to the consultation on revisions to the UK Stewardship Code.

We are a pure global investment management group, managing funds across equities, fixed income, property and alternatives for both retail and institutional clients. Total assets under management were £185 billion at the end of 31 March 2012.

We are responding to the consultation as an asset manager and as a signatory to the Code. We are broadly supportive of the proposed changes but would like to highlight some of the points in our submission as follows:

1. At this early stage in the Code's development, we believe that any extension of the Code beyond equities will lead to unnecessary complication and potential confusion. We recommend that this proposal should be revisited in 2-3 years by which time the bail-in criteria for bank debt, giving bank debt more equity like characteristics, may have been clarified.
2. The proposal to apply the Code's principles to overseas equity holdings reflects our current operating model. Smaller asset managers however may either find the proposal costly to implement or could be encouraged to sub-contract voting to proxy advisors, which is a less effective way to improve stewardship.
3. The requirement to review policy statements annually is, potentially, an unduly onerous undertaking for asset managers unless there has been significant change in their actual practices. A periodic review would be more appropriate.
4. As the number of guidance notes increases, there is a danger that the Code becomes overly prescriptive, loses the comply-or-explain ethos and becomes a checklist where box-ticking will prevail. For example, the proposed guidance notes to Principle 3 in particular are repetitive and are verging on a checklist. The guidance notes could be refined to be more concise.

5. We are concerned that the guidance note statement on stock lending overly simplifies the use of stock lending and perhaps assumes that stock lending is controlled wholly by the asset manager. The responsibilities of asset owners and asset managers in stock lending are different and need to be recognised.

Please do not hesitate to contact us if you have any questions or require any clarification in connection with our response.

Yours sincerely



**Anne Richards**  
**Director**  
**Chief Investment Officer**



**David McCraw**  
**Head of UK Governance Policy**