



SECURITIES & INVESTMENT INSTITUTE

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Sir David Walker
Walker Review Team
Financial Services Authority
25 The North Colonnade
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Dear *David*

We were particularly pleased to read the proposals contained in your Review of Corporate Governance for the oversight and governance of remuneration structures for the "high end" executives.

Notwithstanding any proposals which may emanate from political groupings regarding the regulation of bankers' pay, we believe strongly that the industry needs to be prepared to take the lead in putting in place transparent arrangements to make public the scale of remuneration available within the industry.

However, we question whether the proposals contained in paragraph 7.13 and 7.14 (recommendation 31) will, in fact, be as transparent as one might wish. Given the public perception that the industry is vastly overcompensated, using a disclosure formula that is based upon a median total remuneration figure calculated on remuneration within the industry, rather than using a specific base figure, may only serve to reinforce that view.

Whilst acknowledging the argument that publication of actual compensation figures tends to drive compensation upward we should prefer, nevertheless, that the basis for disclosure should be based on all employees, however they may be described and whatever their role, in bands above a specific figure, for example £100,000 and then in increments of £50,000(?) upwards. This has the merit of providing transparency in terms of quantum, without identifying those specific areas which attract high levels of compensation.

We are reassured by your intention that your final recommendations regarding compensation structures are consistent with the FSA rules covering the same areas, albeit that external political considerations may still be capable of adding further and, as yet unspecified, requirements.

Yours sincerely

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