

Institutional Shareholders' Committee

Press announcement issued by the Bank of England on 16th April 1973

The Working Party (consisting of representatives of the Accepting Houses Committee, the Association of Investment Trust Companies, the Association of Unit Trust Managers, the British Insurance Association, the Issuing Houses Association, and the National Association of Pension Funds, with an observer from the Committee of London Clearing Bankers) created by the Bank of England to examine and report upon a possible structure and method of operation of a central organisation through which institutional investors, in collaboration with those concerned, would stimulate action to improve efficiency in industrial and commercial companies where this was judged necessary, reported in December last that the Association of Investment Trust Companies, the Association of Unit Trust Managers, and the National Association of Pension Funds had agreed to establish such an organisation to co-ordinate their existing investment protection activities in this field.

The British Insurance Association, whilst agreeing to co-operate in individual cases, felt unable to be a full member of the organisation as then proposed lest it appeared to accept the prime responsibility for monitoring and improving the management of companies and also because it was reluctant to join an organisation which might be prejudicial to the control of any investigations by the institutional shareholders of the companies concerned.

However, the structure and method of operation of the organisation subsequently agreed between the investment trusts, the unit trusts, and the pension funds are such that the British Insurance Association is happy to join with them and hence the new body which will be created, the Institutional Shareholders' Committee, will now comprise the four major institutional investors' associations.

This new Institutional Shareholders' Committee will be administered by a joint standing committee of the chairmen of the sponsoring bodies with secretarial services provided by the constituent associations. The new body will function through case committees composed of members of the constituent associations who are shareholders in the companies concerned. These committees will, where appropriate, be assisted by experienced industrialists or financial consultants, and may encourage companies to enlist the help of professional advisers.

The Institutional Shareholders' Committee is very conscious that the co-operation of company managements will depend on the absence of publicity and no public statements will therefore be made about any of the activities of the case committees.

The Institutional Shareholders' Committee has the full support of the Governor of the Bank of England.