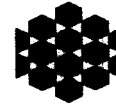


From the Office of the Minister



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

NETHERLEIGH
MASSEY AVENUE
BELFAST
BT4 2JP
Tel: 028 90 529452
Fax: 028 90 529545

E Mail: private.office@detini.gov.uk

Our Ref: DETI COR 509/2010

Mr Alban Maginness MLA
Chairperson
Committee for Enterprise, Trade and Investment
Room 424
Parliament Buildings
BELFAST
BT4 3XX

30th October 2010

Dear Alban,

UK CONSULTATION EXERCISE: REVIEW OF CORPORATE GOVERNANCE

This letter is to advise the Committee of a United Kingdom-wide consultation exercise, the first stage in a review of the UK's approach to corporate governance. I have attached a copy of the draft document for information.

Ed Davey MP, Minister with responsibility for Employment Relations, Consumer and Postal Affairs at the Department for Business, Innovation & Skills, has written (21 October 2010) to advise me that his Department plans to publish the consultation, entitled "A Long Term Focus for Corporate Britain", on 25 October.

This consultation will be the initial stage in a proposed wider review of corporate governance and associated matters. It is essentially aimed at gathering information and views to establish whether there is a problem of market short-termism - a description used for an approach to business where the emphasis is on quick results rather than long-term goals and objectives - or other market failures and, if so, to identify the issues and concerns.

The consultation will also look at, along with other issues, the behaviour, responsibilities and incentives of shareholders within the investment chain and directors on Boards to identify issues and their causes. It will also address more detailed questions in relation to directors' remuneration and, complementary to the Takeover Panel's inquiries, the economic case for takeovers.

Once the responses to this exercise have been analysed and the outcomes discussed within Government, it is likely that a further consultation, which will include more detailed proposals, will be issued sometime in the New Year.

However, there are no immediate plans for changes to current company legislation which, although a transferred matter, has been administered on a United Kingdom-wide basis since the enactment of the GB Companies Act 2006.

I will write again when I have further information.

*Yours sincerely
Arlene Foster*

ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment