



Treasury Committee

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Mr Simon Osborne FCIS
Chief Executive
The Institute of Chartered Secretaries and Administrators
Saffron House
6-10 Kirby Street
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6 October 2016

Dear Mr Osborne,

Board Minutes: Guidance Note

Thank you for your letter of 31 August.

It is clear that ICSA's revised guidance does not reflect the concerns of the Treasury Committee's independent reviewers, nor the lessons from the failure of large financial institutions over the past decade.

Responsibility for a company rests with its board. Non-executive directors have a particular duty to play an active role in challenging the risks that businesses are running and the way these are being managed. The regulators' reports into the failures of RBS and HBOS demonstrated that, in the past, this was often not the case.

Clear and accurate board minutes are essential, particularly in systemically important institutions and in those with high levels of conduct risk on the balance sheet. When companies fail, board minutes can and should be thought of as 'black boxes', from which information can be gleaned to help prevent a repetition of mistakes.

Among other things, board minutes should record sources of substantive discussion or concern among directors, as well as any instances of dissent. In the case of the latter, the current practice, which requires a director to demand that his or her dissent be noted before it is included in the minutes, is deeply flawed. Overall, there needs to be presumption that important elements of board discussions are recorded, otherwise minutes could risk giving a misleading impression of the tone of a meeting.

Your revised guidance, particularly concerning dissent (paragraph 5.3.5, page 23), does not reflect the radically changed circumstances of the last ten years. It is therefore inadequate. I would be very grateful if ICSA could take another look.

I am copying this letter to the Chancellor of the Exchequer, the Governor, the CEO of the PRA, and the Chairman of the FCA.

I will be putting this letter in the public domain.

*Yours sincerely,
James Rhye*

RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE