

# The Guild of International Bankers



Newsletter

Spring 2006

## Message from the Master

**As I reflect upon my time as Master, I find it difficult to believe that I am well past the halfway mark of my term of Office: a period of intense activity by the Standing Committees, my Committee and the Court to enhance the standing of the Guild in the City and abroad and to improve our efficiency and effectiveness.**

On the finance side, we have finally received agreement that the Guild has now been designated as an Approved Body by the Board of HM Revenue and Customs. Joseph King's report has the details.

Since the last Newsletter, 54 new members have joined the Guild, with almost half of them being overseas nationals and 20% students. This is a considerable achievement but regrettably (as expected and planned for) some members have relinquished their membership on retirement from the City or on return to their home countries. The Membership Committee has done extremely well in raising awareness of the Guild to potential new members but each one of us has a responsibility for targeting potential members and proposing their membership. Your help in this area would be greatly appreciated. Stephen Lockley will give you more details in his report.

My thanks to all of you who have given their support by attending the various events and functions that we have held since October 2005. There have been some wonderful occasions, most notably our participation for the first time in the Lord Mayor's Show; Chuck Prince at the Cutlers' Hall; the Annual Banquet at Guildhall, with guest speaker Lord Browne of Madingley and our dinner at Goldsmiths Hall with Peter Hambro. I hope that you will continue to attend future functions and events to ensure their success.

There have also been significant changes in how we disburse your charitable contributions. As you are no doubt aware, before we could proceed to full Livery status, we had to accumulate a considerable sum in the Trust Funds to show that we were a viable proposition for advancement. This necessarily meant that we were not able to disburse as much as we would have wished to the Guild's charitable and educational causes (although we have made some considerable impact already, especially with those lesser privileged students in the local boroughs, aspiring to work in the City). The Trustees and the Finance Committee have given considerable thought to our investment and reserves policies to ensure that we maintain sufficient reserves for the future. They then discussed the options for charitable disbursements and agreed that approximately £65,000.00 should be made available each year, subject to annual review. Stanley Hurn will give more details of the current disbursements in his report.

I am pleased to be able to tell you that a Membership Handbook will soon be issued to you. This will include details of

the Guild's Aims, Structure and Activities, Officers and membership details etc and also the names and business addresses of our members. A new issue will be sent to you annually and I hope that those who have decided to withhold their details will consent to their inclusion in future.



Michael J. Kirkwood

For the last 5 years, the Guild Office has been located at No. 1 Bengal Court and we are very grateful to the Association of Foreign Banks for all their support and assistance during this period. However, during the past 12 months it has become increasingly apparent that the Guild Office can no longer function efficiently in its present location (as those of you who have visited the Office will well know). We are no longer able to hold meetings there and the working conditions for the Guild staff (especially in the summer months) are no longer acceptable. My Master's Committee and the Court concluded that alternative accommodation should be sought and, thanks to the efforts of Angus MacLennan, Middle Warden, and Tony Joyce, Honorary Guild Surveyor, we have now reached an agreement with the Furniture Makers Company to lease space at 12 Austin Friars. This move will not only improve the efficiency and working conditions of the Guild Office but will also give the Guild a more suitable location befitting a Livery Company. Instead of going "cap in hand" to our members to try and arrange suitable meeting rooms, we will be able to host meetings and offer facilities for our members to visit, relax and discuss matters with the Clerk and his staff. We are currently in the process of obtaining quotes for a new membership management system and also estimates for the new furniture and office equipment. When all systems are in place, it is hoped that the Office will move during the period May to July and the Clerk will ensure that you are notified of the details.

There have been a few changes to the Court of Assistants since the last Newsletter. Peter Derrick and John Kibble have stood down and the Court gave a most deserved vote of thanks to them both for all of their help and guidance since the inception of the Guild. I am very pleased to welcome, Robert Wigley, Roger Gifford and Eric Stobart to the Court and look forward to serving with them. We are currently reviewing the governance of the Guild by the Court in order to ensure that Court membership reflects the right balance between those who have served as Masters and those progressing to office and we will keep you informed of our proposals. On the 12th July, the Election Court will be meeting to elect the new Master and Wardens who will take office on the 1st October this year and I look forward to seeing many of you at the Installation Court Dinner at Vintners Hall on the 20th September.

The Guild of International Bankers

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# Membership Committee Report by Stephen Lockley, Chairman

**Our international credentials as a Livery Company continue to strengthen, with around half of our new members in the last six months being overseas nationals.**

We have continued to be active over the past six months in recruiting new members to the Guild. I am pleased to report that over 50 new members have joined in this period, of whom around half have been overseas nationals, representing 14 countries (Austria, Canada, Denmark, Finland, France, Germany, Iceland, India, Ireland, Italy, Jordan, Malaysia, Sweden and USA).

At the same time, echoing an earlier theme, our efforts to increase the representation of younger members in the Guild are bearing fruit and I am encouraged that around 20% of the new members in the last six months have been student members.

I referred in the last newsletter to the plans of the Membership Committee to conduct informal discussion groups among members, with a view to identifying members' expectations of the Guild and the extent to which they are being met. These discussion groups have now taken place and I would like to thank all who took part in them. The feedback was invaluable and is now being taken into account in the Guild's forward planning. Overall, members' views of the Guild and the work it is doing were positive and supportive but we must not allow ourselves to become complacent and intend to repeat this exercise on future occasions.

The programme to promote awareness of the Guild continues. A joint seminar with the Securities & Investment Institute took place on 4 May with a theme of how the banking industry can help to promote good standards in financial markets. We are also working on a proposed seminar on alternative investments for later in the year and hope to repeat the successful careers-oriented event held last year in conjunction with Cass Business School.

We have also continued to seek suitable coverage for the Guild's activities in the press. In this connection, the banquet was covered in both the Daily Telegraph and The Banker. Many of you will be familiar with the writings of Mrs Money Penny in the Financial Times. You may not, however, be aware that Mrs Money Penny is one of your fellow Guild members and, in a recent article, she offered the following advice to City professionals seeking to meet like-minded people working in the City and build useful contacts: *"Why not join the Guild of International Bankers, the City of London's newest Livery Company? It has networking opportunities, distinguished speakers and a charitable arm so you can network while doing good"*.

I can only echo this sentiment and ask all of our members to pass the recommendation onto their friends and contacts. That way, you too can make your contribution to the continued vitality and success of the Guild as a growing force in the City.

## Finance Committee Report on UK Tax Relief Granted on Guild Subscriptions by Joseph King, Chairman

As anticipated in your renewal advice letter last October, the Board of HM Revenue and Customs have now designated the Guild as an Approved Body under Section 344 ITEPA 2003 with effect from 6th April 2005.

Inspectors of Taxes will recognise an annual subscription paid to the Guild after 6th April 2005 (i.e. including in respect of annual renewals invoiced last October) as a deduction from current-year employment earnings as long as it is related to the employment (including self-employment).

The relief is not given for donations or fines or if your subscription is borne by your employer (unless treated as earnings). A separate scheme, Gift Aid, applies to donations in the UK. Approved bodies are shown in List 3 that is due to be updated later in 2006 (see [www.inlandrevenue.gov.uk/list3/index.htm](http://www.inlandrevenue.gov.uk/list3/index.htm)). We are grateful to Richard Clarke of the Finance Committee for pursuing this matter with HMRC. For further information, please speak with your tax advisor or contact Kim Webster at the Guild Office.

## The Guild Court of Assistants and Chairmen and Members of the Standing Committees

Details of the Court and Chairman and members of the Standing Committees can be found on the Guild website: [www.internationalbankers.co.uk](http://www.internationalbankers.co.uk)

# Charities & Education Report

by Stan Hurn, Chairman

**The past six months have seen some important developments in the charitable and educational activities of the Guild. As liverymen and freemen will already be aware aims of this Guild follow the traditions of all livery companies namely fellowship, charity, education and promotion of the represented profession, in our case the international financial services profession.**

Since the Guild attained full livery status some eighteen months ago it has been possible and appropriate for the Guild to review its financial commitment to educational and charitable activities. Following a proposal made by the C&E Committee and endorsed by the Finance Committee, the Court and Trustees have recently put into place a new basis for calculating what part of the Guild's financial resources will be available each year for educational and charitable activities. The immediate impact will be a significant increase in the funding resources available to the C&E Committee in this and subsequent financial years. This development is by no means a blank cheque; all activities to be supported will still need to be justified and give value for money but it does mean the Guild will be doing more. The new funding and disbursement procedure will be reviewed every three years and whilst it does not yet put the Guild in the top league of livery companies, some of which distribute millions of pounds annually on charitable activities, it will enable this Committee to build on the foundations laid in the first few years of the Guild's existence.

One of the first tangible results is that the Guild is able to take a stage further its working relationship with the Brokerage Citylink. The partnership between the Guild and the Brokerage began some four years ago, after an introduction by the City of London Corporation. Since then the Guild has worked closely with the Brokerage most notably in its traineeship scheme which is concerned with providing annual placements with City financial organisations for students from the less privileged boroughs which border the City. The link with the Brokerage is the subject of a separate article written by Bill Whitehead elsewhere in this Newsletter.

In the educational sector the additional funds available will be to enable the Guild to undertake further support activities at all levels. The Guilds support of pupils at both the City of London Boys and Girls schools will be continued. Our "badged" student at the Girls school has recently completed her studies with very successful exam results and in September will start a full time university course. A new student will be selected shortly to continue the bursary. Additional funding will enable the Guild to further its commitment to the community by supporting educational initiatives in the disadvantaged boroughs surrounding the City. The C&E Committee is now looking for ways to broaden the Guild's activities in schools in these boroughs.

At university level, in the last Newsletter I reported the ten book buying bursaries that the Guild has provided to undergraduates at the Sir John Cass Business School. Many of you with children approaching university entry age will be aware of the changes to student funding being introduced by the Government in the next academic year. These changes were the subject of a seminar organised by the Mercers Company at the LSE which the Guild was pleased to be invited and attend. Many livery companies, including the Guild, are now reviewing their support for

undergraduate funding in the light of these changes. The C&E Committee is looking at this issue both in relation to the Cass book bursaries and the possibility of casting our net wider in the university area; I hope to be able to say more on this matter in a later issue of the Newsletter.

In the last Newsletter I also referred to the generous donation made by one of our freemen, Mr Oscar Lewisohn, in memory of the late Jennifer D'Abo. It was agreed that this donation could most appropriately be used to support women who might not otherwise be eligible for funding by the Guild. I am now pleased to be able to report that the money is to be used to sponsor bursaries for women attending the annual Simfonec seminars for entrepreneurs. The funds available will enable the Guild to offer ten bursaries of £500 each over a five year period. Simfonec is a partnership between Cass Business School, City University, Kings College, Queen Mary College and the Royal Veterinary College.

The C&E Committee is also concerned with donations to and support of non-educational charities. On average the Guild receives about three requests a week for charitable support, many of which require and deserve a prompt response. As part of the new funding and disbursement arrangements it has been agreed that a £5,000 annual fund be set up to be administered by the C&E Committee. Any donation made will have to meet specific requirements and no individual donation may be more than £500. All disbursements from this fund will be notified to the Masters Committee, Court and Trustees.

If you know of a deserving charity (especially one with an "international" aspect) that would benefit from a small donation from the Guild, please let me know (through the Clerk) and my Committee will consider the proposals and choose one to donate to; the guidelines for eligibility for charitable support are listed on the Guild's website.

Educational and charitable activities by livery companies are not confined to monetary donations. The membership of livery companies, and our Guild is no exception, represents a reservoir of expertise which potentially is as useful, if not more useful, than money. Some liverymen and freemen of the Guild have approached the C&E Committee to see if there is any way in which they can be involved in and expand the Guild educational and charitable activities. As a Committee we are often aware of opportunities for members to help in non financial ways. We are aware of the need to find speakers on City and financial matters; for instance both the City of London Girls School and Cass are currently looking for speakers. Opportunities also exist to participate in mentoring and there are a variety of other ways in which assistance may be given. The Guild Office keeps a register of those who are prepared to assist and I encourage any who would like to do so to get in touch with the Clerk. The Charities & Education Committee would like to see an expansion of non-financial activities: these can only enhance the profile of the Guild.

# City of London Business Traineeship scheme

## Can you offer a summer work placement to a local student?

Each summer, the Guild participates in the City of London Business Traineeship scheme. The scheme is running again this year and all members are urged to participate by providing a placement opportunity within their firm or institution.

The City fringe area has some of the highest unemployment levels in London. Despite the growing number of jobs in the City, a disparity remains between the skill levels of local residents and the requirements of City and City fringe employers. A further problem is that school leavers and graduates from the local boroughs often do not know how to go about getting employment in the City or have unfounded reservations as to their suitability for City employment.

The City of London is well aware of these issues and established the City of London Business Traineeship in 1994 to provide students leaving schools and colleges in neighbouring boroughs with paid work placements in City companies. The scheme introduces young people to employment opportunities in the City, whilst also promoting local recruitment to City firms. For many firms, the scheme is an excellent fit with their agenda to promote diversity in the workplace, whilst also providing a talented source of local labour.

The scheme now places around 100 students each year into a range of City firms, including companies in the financial, insurance, accountancy and legal sectors. With the active participation of Guild members' firms, this number can be significantly increased.

The trainees are intelligent, enthusiastic and are able to make a real contribution to the host firm. They are invited to register on the programme following a Brokerage presentation in their school or college. They then have the opportunity to participate in a series of CV, interview and sector-specific workshops, before being put forward for a placement. Participating firms have provided placements in a variety of functions including Operations, IT, Administration, Loans processing and various other back-office and support areas.

The placements should be for a six to eight week period in July and August and the trainees receive an appropriate level of pay for the job. For guidance, the average rate of pay received by last year's trainees was £300-£350 per week.

Guild members who can offer a trainee placement should contact the Clerk. Further information about the scheme is provided in the Brokerage Citylink brochure enclosed with the Newsletter.

## B-Tech Awards Ceremony

Once again, in close liaison with the Brokerage Citylink, the Guild was involved with the B-Tech Awards, a Professional Development Certificate, Level 4, for students from the local boroughs. The successful students included Emina Mesic, Hodan Nur, Lawrence Patmore and Evan Price, pictured with Tania Fletcher from the LDA and Terry Boyce from the Brokerage.



# Gaye's Events Diary

**After listening to the charismatic Bob Diamond, I thought a City Walk would be just the thing to ponder my complete failure to reach such dizzy heights! The hottest October evening on record seemed the right evening to do just that.**

I joined our first City walk on 27th October with a private guide. It was the Ancient City at Night (plus a few pubs). We gathered at the Royal Exchange and began with some City history and continued on a walkabout in the Square Mile taking in a couple of pubs for R and R. Yes, I had difficulty in the first pub getting everyone going again but as one of our walkers said you need stamina to be an international banker! Our guide, Sue Jackson, was first class. Not only did she know everything but she peppered her descriptions with amusing asides and really made the historic City come alive. I bet you never noticed the carving of 2 small animals on the wall of the building on the corner of Philpot Lane commemorating a workman who had accused his colleague of eating some of his sandwich when the cheese kept disappearing! This resulted in a fight with his colleague who unfortunately did not survive, but the cheese continued to vanish! (No prizes for guessing what the carving is!) I also enjoyed the description of the badly behaved nuns at the Church of St Helen's in the early 1400s that kept peering over a screen they were not supposed to and giggling and waving at the congregation! The tour ended at Dirty Dick's pub in Bishopsgate - did you also know the origin of this name is the fact the poor chap was jilted at the altar and never washed again!

**Powerful people are usually attractive (I think). So I was therefore curious to set eyes on the man who runs the largest bank in the world.**



Chuck Prince, the CEO of Citigroup Inc, was our guest speaker at dinner on 7th November at Cutlers' Hall. Clearly lots of other people also wanted to see Chuck Prince as the Hall was packed to capacity. The Master and Clerk were badged (my hint at rather liking The Master's badge has obviously been ignored!) and Chuck Prince gave what I would call the "Chairman's" speech, but

it was stimulating and thought provoking. He spoke about the need to be global, the responsibilities of financial institutions to support society and the importance of emerging markets where the future growth in customer base would be found. The Master conferred on him Honorary Membership of the Guild and so he joined the select band of the Governor, Bill McDonough and Jean Claude Trichet. I was impressed that he also stayed quite a while after dinner to talk to guests individually. Everyone said they enjoyed themselves.

**I was unfortunately not able to join my colleagues at the Lord Mayor's Show on 12th November and walk with 256 Field Squadron's float to support the new Lord Mayor, Alderman David Brewer.**

However, they all had a wonderful time handing out gold chocolate coins (which the Guild had inspirationally produced) to what I was told were hungry children!



Yes, well, perhaps the parents were hungry too! The Lord Mayor's Show has been dubbed "the greatest unrehearsed pageant in the world". On this occasion there were 66 floats in a procession 2.8 miles long. David is the 678th Lord Mayor and will be a great one.



Quite romantic, I feel, to think the Lord Mayor has made the journey for 783 years surviving plague, fire and wars to the Royal Courts of Justice to swear allegiance to the Sovereign.



**Being an ardent Royalist the private view of the Canaletto Exhibition at the Queen's Gallery, Buckingham Palace was right up my street.**

The invitation had proved so popular I arranged two private views on 6th and 8th December. In winter I do think I need a car and chauffeur (with peaked cap) to drive me to and from Guild events; I must speak to the Finance Director! A private view starts with a short talk by a Palace expert which sets the scene for a journey with Canaletto through Venice. As I always say the pleasure of being able to wander through the Gallery at leisure is immense and stimulating. The fourteen luminous paintings of the Grand Canal displayed against an azure blue background, for me, were the highlight of the exhibition. The fact that the artist idealised the pictures and may have moved the Rialto Bridge, for example, a few blocks for effect really does not matter; the light, detail, colour and movement transform one to feel as if one is gliding down the Grand Canal.

Apart from the Canalettos there were a number of other marvellous treasures from the Royal Collection including the George III Coronation Service and some amazing Chelsea porcelain which made my own china look like a job lot from Woolworths! I was terribly excited, however, to find a crown! Now, I have been looking for something eye-catching to wear at the Banquet and this is it. It was made for the Coronation of George IV and since then has only been worn by women! (The Queen wears it for the State Opening of Parliament). Large diamonds, two rows of pearls and matching diamond ear rings so I will be noticed! I must write to the Queen to see if she could see her way to lending it to me for one night. The evening ended with a glass of wine in the Gallery shop where everything was discounted (naturally!). The Royals really have got this marketing stuff spot on - there were lots of things to buy including crowns of various sorts, but nothing like the one I have earmarked! I did buy a black tee-shirt with a large white sparkley crown emblazoned across the front which I know will be just right for Guild events!

**Gosh, it is 2006. After Christmas alcohol may not be foremost in my mind but the thought of the Grape Game Show (Wine tasting) was tempting - I do like wine (preferably expensive).** Although a number of the members told me they were on the wagon for January, the rest of us had a very jolly time on 18th January at Stirling Square hosted by Citigroup. This was not just sloshing wine down one's throat, one had to think! We divided into teams with exotic names such as the Plonkers, the Winos and the Chevaliers du Vin! France versus the rest of the world was the theme and we had to decide colours and aromas and which was old world and which new world. Finally we tried to pit our wits against the experts, who were all very convincing, as to who was telling the truth about a certain wine - I failed miserably at that being far too gullible. By a stroke of luck I managed to sit with the winning team - Chevaliers du Vin.

**February 13th, our Annual Banquet at Guildhall.**

The usual sartorial problem. Still no dress allowance, or for that matter, car and chauffeur (with peaked cap). My letter to Her Majesty about the crown clearly got lost in the post. At least the invitation said "decorations". Yes, yes. Here I

triumph: I have a decoration - and the Queen presented me with it! Morale restored, and in best posh frock, I decide to position myself near the door so I can greet (boss) everyone on arrival - I am good at that.



Guildhall always looks wonderful with candles twinkling. This year the Guild's official crest took its place in history and was spot-lit high in the soaring gothic roof.



The guest speaker was Lord Browne of Madingley, Chief Executive of BP - another powerful person - but unfortunately I was too far away to get a really close look (must remember opera glasses next year!). He gave quite a tour de force on the energy scenario discussing the continuous demand and huge capacity required for the future. He stated that oil consumption was currently 85 million barrels per day, and talked about the role of international finance in opening up areas closed behind political barriers for decades - very apposite. Anyway it was all very oily!





**Goldsmiths' Hall is one of the twelve great Livery Halls of the City of London, and is indeed grand and lavish.**

Peter Hambro, the Chairman of Peter Hambro Mining, was our guest speaker at a Guild Dinner on 29th March.



Scion of a great City banking family and international expert on gold seemed, to me, quite an irresistible combination. Once again raiding my jewellery box, I felt "dripping in gold" had to be the order of the day, not least to show that I appreciate the stuff but also that I think it suits me! The Hall looked breathtaking. 192 candles were lit by hand in the 3 large ceiling chandeliers that sparkled and danced in the night light. No one believed me when I said I had seen a chap hoisted up on his personal lifting platform lighting each one, but indeed I did, and he had to put them all out at the end of the evening. Peter was both an informative and entertaining speaker. I really enjoyed his box of "props" out of which came various coins that he used to demonstrate the worth of the solid stuff against paper which only contained promises! I was secretly hoping for just a tiny nugget of you know what - dream on! He concluded by remarking that "Gold is the hedge against things you don't need to hedge against"! It was a memorable evening with an intriguing insight from Peter Hambro into the fascinating world of gold.

**The Mansion House as we all know is the home of the Lord Mayor of London during his year in office.**

We were privileged to see behind the scenes and meet the Lord Mayor on a private visit on 11th April. We began with a short tour taking in the vaults which contain some priceless treasures including an original gold cup literally snatched from the flames of the Great Fire of London, a quick glance at the valuable art collection by Dutch and Flemish artists, the Salon where the chandelier apparently weighs 43 stone (I moved swiftly away from standing underneath it!) and the famous Egyptian Banqueting Hall where I had never noticed the pattern on the carpet matches the ceiling! We re-grouped for a refreshing cup of tea and



tried to remember orders not to sit on the inviting plush red velvet chairs; in my view what the Mansion House really needs is another cat which would certainly set the rules for who sits on what chair! The Lord Mayor gave a short talk about living in the Mansion House and the role of the Mayoralty. He managed to make something rather formal sound suddenly very human and at times hilarious. He spoke forthrightly and openly about the Mayoralty, its huge ambassadorial role overseas and the vital role of the City police against the threat of terrorism. Ever the diplomat he was even magnanimous about the other Mayor saying he was needed for Crossrail. Alderman David Brewer has long been a passionate advocate for the financial expertise London can offer the world and during his Mayoralty will visit over 20 countries spreading this message. Having travelled with Lord Mayors on a number of overseas trips in the past I know beyond the ceremony and goodwill a huge amount of business is won for Britain. With his financial knowledge and international experience, particularly in Asia, I think David is a superstar ambassador for Britain.

**I am now off on a recce visit at the Central Volunteer Headquarters Royal Artillery at Woolwich** - I wonder if I

should have worn my marching boots rather than the Jimmy Choos! The Guild has a Military affiliation with the Central Volunteers and we are planning an event there in June. Now that Spring has arrived I have stopped sulking about the lack of car and chauffer (with peaked cap), but where is that dress allowance?!

**Summer promises to be fun as we have the following planned:**

- City of London historian David Kynaston will be talking to Christopher Fildes at the City Club on 24th May
- The event at Woolwich will be on 14th June
- The KC Wu Lecture to be delivered by Sir Christopher Hum, former UK Ambassador to China and current Master of Gonville and Caius College Cambridge, takes place on 23rd June
- The Guild's "Summer Party" will be a Concert at the Bank of England on 5th July followed by a reception in the Bank of England Museum where there is a real gold bar we will have the opportunity to try and lift!

See you all soon.  
Gaye

# Progression to Liveryman - Update

**As previously notified, it was stipulated by the Chamberlain's Court that the Livery should not exceed 300 and that the first Liverymen of the Guild should be the Court and the members of the 4 Standing Committees. Thereafter, liverymen would be chosen on the basis of membership seniority, seniority in the City and contribution to the Guild.**

Members would not be allowed to progress to liveryman until they had been full members of the Guild for a minimum of 2 years and had obtained the Freedom of the Guild and Freedom of the City of London. An Admissions Committee, composed of a Warden and 2 members of the Court, would peruse written applications and would then meet with prospective liverymen at 4-6 sessions throughout the year and submit their recommendations to the Court.

To date, the Admissions Committees have met 6 times and a total of 39 members were recommended to the Court for progression to Liverymen. Having been approved by the Court, these members will now be invited to present themselves before the Court to make their Liveryman Declaration and to receive their Livery Certificates from the Master.

The current list of Liverymen of the Guild is as follows:

Peter Capel	Simon Hills	Oliver Page
Peter Chapman	Stanley Hurn	Keith Palmer
Edward Charlton	John Kibble	Philip Pickard
Richard Clarke	Joseph King	Sir Brian Pitman
Clifford Dammers	Michael Kirkwood	Sir William Purves
Jill Enzmann	Stephen Lockley	Sidney Celia Ross
Robert Fenner	Angus MacLennan	James Tree
Mark Garvin	Michael McKee	Derek Tullett
Lord George of St Tudy	Sir Peter Middleton	John White
Martin Hall	Alan Moore	William Whitehead
Count Greger Hamilton	Frank Moxon	
Sean Hanafin	Sir Paul Newall	

## Liveryman - Explanatory Notes

### What is a Liveryman?

In medieval times the term "livery" referred to clothing, food and drink provided to the officers and retainers of great households, such as those of barons, bishops, colleges and guilds. The real significance of the use of a livery did not come about until the 14th century, an era when private armies were common. These wore private uniforms called liveries and the use of the term to cover food and drink was restricted to livery stables. In London, the guilds took to wearing distinctive clothing and badges, which became symbols of privilege and protection and were worn by guild members to distinguish between each other. The grant and control of these was regulated by the Court of Aldermen. Gradually, the term livery company came into specific use as applied to those guilds that were incorporated into the City constitution.

### What are the duties and privileges of a Liveryman?

Initially, municipal authority had rested with the Lord Mayor and his Aldermen (elder men, one from each of London's 28 wards) but by 1285, a second level of authority that came to be known as "common councilmen" (citizens elected from each ward to "counsel" the Aldermen on "common" affairs of the City). Eventually the responsibilities (and thus authority) of the Common Council became greater than that of the Aldermen, and the Court of Common Council more powerful in many ways than the Court of Aldermen. Those eligible to vote for, or be elected to, the Court of Common Council are not required to be liverymen.

Liverymen of at least one year's standing form a special electorate known as Common Hall. In London it is still the prerogative of liverymen alone to elect the Sheriffs and to submit 2 candidates for the office of Lord Mayor. It is a Liveryman's right and duty to attend and vote at the elections of the Sheriffs on Midsummer Day (24 June) and at the election of the Lord Mayor on Michaelmas Day (29 September). When these days fall on a Saturday or Sunday, the elections are usually held on the following Monday. Any Liveryman can stand for the post of Sheriff of the City of London. Liverymen are also strongly represented in the numerous committees and sub-committees of the Corporation of London, concerned with education, charity, the community, events, ceremonies and the arts.

Being Freemen of the City of London, Liverymen enjoy all of the privileges attaching to the Freedom. Election to the Livery carries with it the right to apply for membership of the City Livery Club, an excellent place to relax and meet members of other Livery Companies. Membership of a Ward Club is an excellent way to meet additional people who have influence over the way the City is run, and to initiate a personal engagement in the Corporate processes. Each ward also elects an Alderman who has jurisdiction over the Ward and who attends the Court of Aldermen. The Aldermen automatically become Justices of the Peace for the City of London and serve as governors and trustees of a variety of schools, hospitals and charitable donations.

**If you require any information on how to progress your Freedom of the Guild, Freedom of the City or Liveryman, please contact the Clerk.**

# What Are Senior Managers For? by Simon Hills

**Senior managers of banks have long been responsible for managing risk in the face of ever increasing complexity using the time honoured basis of managerial competence, sound judgement and common sense, supported by a robust and effective corporate governance system.**

But society's expectations - articulated most clearly through regulatory dictat - of what senior management responsibility actually means have increased dramatically over the past decade. Events such as Enron, WorldCom and Parmalat have placed the importance of good corporate governance centre stage. The current Enron trial in the US and the recently released feature length documentary in our cinemas (perhaps a Guild event around a private viewing would be a good idea?) will ensure that this fuss will not go away. But it is not a fuss. Senior managers must take responsibility for the actions of the banks and indeed this has been a central tenet of the Financial Services Authorities *modus operandi* since its early days in 1997. And the FSA's focus on making senior managers responsible arose from society's concern in general - and a new style of politicians' concern in particular - that a senior managers of banks should bear personal responsibility if their businesses fail, and this expectation has crossed into other industry too - notably the rail industry.

Mercifully the UK has not seen the failure of a systematically important bank in recent history. But the failure of Barings in 1996 was a defining moment in the development of banking regulation. Despite a litany of management shortcomings and the apparent overlooking of a whistleblower's efforts, large amounts of cash continued to be sent to a small, geographically remote unit in a different time zone. That this unit seemed to be responsible for generating a significant amount of the group's overall profit perhaps discouraged the senior management from asking the right questions. When at last they did and internal audit discovered that apparently offsetting position at different Far Eastern exchanges was actually doubling up risk exposure it was too late. But no board level executive was held culpable for their management failure and that struck in the throat of politicians. At least partly because of this the regulatory architecture evolved rapidly from a self-regulatory model to a statutory one with an explicit expectation that the buck would stop with senior managers who would carry the can if their bank collapsed.

An early FSA Consultation paper articulated its expectations of what senior managers should do. In particular the responsibility for ensuring the bank met its performance obligations were placed squarely on the shoulders of the Chief Executive who is tasked with ensuring that the bank establishes and maintains appropriate systems and controls and apportions senior management responsibility for significant business areas. Furthermore individuals who have a significant influence on a bank's business, for instance the head of Heads of Risk, Internal Audit or Finance, as well as key business unit managers must be approved by the FSA before they undertake these roles, which are known as controlled functions.

In seeking to identify particular individuals within banks who are acting as senior managers, the regulator is building a link between corporate and personal responsibility in the expectation that this will help promote a strong compliance

culture, as the leadership of the bank is a prime influence on its corporate ethos. It is likely that a good many Guild members are undertaking controlled functions within their businesses and as they carry them out bear in mind the Guild's own principles for good business conduct. These encourage us to think beyond mere compliance with rules and regulations by acting honestly and fairly at all times in order to promote high standards of conduct amongst our colleagues and enhance the reputation of both the firm we work for and the financial services industry generally. Whilst the Guild's principles are voluntary - although a material breach of them would be incompatible with continuing membership of the Guild - the FSA's expectations of what senior managers should do are backed by the possibility of enforcement and a threat of fines or, in extremis, a loss of livelihood. Whilst those of us that are senior managers might not welcome the threat of enforcement action being taken against us for breach of our regulatory responsibilities it is difficult to argue against them. The FSA is employing a stick rather than a carrot to encourage the leaders of our banks to ensure that enshrined within their cultural mores is a recognition of the importance of compliance with the minimum regulatory standards and of good risk management.

But in the area of risk management the FSA may be going too far in what it expects senior managers to be able to do, particularly as it plans for the implementation of Basel II in the UK. The Basel II framework rightly emphasises the responsibility that a bank's management has for understanding the nature and level of risk that the bank is taking on and how this relates to adequate capital levels. It should assure itself that future levels of capital will be sufficient to meet the bank's risk appetite objectives as established in the strategic plan, backed up with proper processes that enable all material risks to be measured, monitored and related to the amount of capital a bank holds.

A key way in which banks assess the risks of lending is by using models to 'credit score' their customers. The output of these models may be used by banks to derive their own estimates of key parameters, such as probability of default, exposure at default and loss given default and use them as inputs into the regulatory capital calculation. But banks can only use their own estimates of these numbers if the FSA agrees.

FSA agreement will be contingent on the bank demonstrating that its models are not just being used for regulatory capital purposes but are embedded in the way it runs its business - the so called use test. In particular the FSA requires the board to have a 'general' understanding of the material credit and operational risk models it uses and for senior managers to have a 'good' understanding of them.

Furthermore when a bank uses an expert committee to approve the use of models a member of the board must sit on this designated committee - as it is known in FSA parlance. This requirement seems disproportionate and a poor use of a

board director's time. The board of any reasonably large bank will invariably delegate the work of model design and approval to a group centre of excellence that is responsible for developing models and ensuring that they are properly and consistently applied throughout the bank. It is not necessary for a board member to be part of this process - we do not buy a dog with the intention of barking ourselves. It is also impractical in a bank which may use hundreds of different models and where there may be a number of layers of different boards below the main board.

For the regulator to prescribe so clearly how it expects a bank to modify well established risk management practices to meet regulatory stipulations cuts across the senior manager's responsibility and could even lead to moral hazard for the regulator.

The principle of senior management responsibility is well established and respected by those who run our banks - regulator inspired re-engineering of governance processes should be resisted. There is no one size fits all solution!

## Guild Golf Society

The Guild Golf Society held its AGM and first golfing event of the year at Walton Heath on 21st March. Peter Chapman is continuing as our Golf Society Captain for a further year and expressed his pleasure that interest in the Society is strong as evidenced by our being full to the point of oversubscription at last year's Swinley Forest meeting.

Although the weather was a little chilly, the course played wonderfully well and Michael Bowles won the competition with a super score of 39 points in the stableford competition. Member attendance at this particular event was rather disappointing, and it is hoped that we can get a larger turnout in 2007. Golf events are open for members to bring guests along and so Walton Heath is an ideal season opener for all our members with golfing friends/ business colleagues. It is an excellent course and the drainage superb- no need for "winter rules" here! A substantial course development programme has been completed with many new testing bunkers now in place. Next years AGM and golf event at Walton Heath will be on 20th March 2007.

Our most recent golf competition was at The New Zealand Golf Club on 3rd May (another fabulous venue). Cliff Knowlden won the Captain's prize for the individual competition (37 points) closely followed by Bob Saxton on 36 points. The Korts spoon prize was won by Klaus Schreiner (35 points). The afternoon greensome competition-played over 13 holes- was won by Klaus Schreiner and his partner Tony Tucker with a magnificent 31 points. Runners up were Bob Saxton and Ted Stamp. The 2007 event at New Zealand will take place on Wednesday 2nd May. As unfinished business from the AGM Trevor Bush was presented with the magnificent Mallory Trophy which is for the highest points score at an event during the year. Trevor won this in 2005 for his 36 points score at Swinley Forest (see photo)

At the Society AGM, a view was expressed that there could perhaps be another event in July / August at a new venue.

To put this in place, we would need to know that there is sufficient demand. Can those members interested please let Cliff Knowlden (Vice Captain of the Guild Golf Society) have their views by e mail: [cliff@bubs8.freerve.co.uk](mailto:cliff@bubs8.freerve.co.uk). The thought is that perhaps an 18 hole afternoon competition followed by a dinner might appeal. Guests could be invited. Can those who respond indicate: 1) interest yes/no, 18 hole plus dinner or 18 hole plus lunch? any venue location preference?, and any other comments. An alternative/ additional suggestion has been that maybe we should have Swinley Forest as our only "2 round" event and that the New Zealand meeting could become an 18 hole singles competition followed by lunch. Again Cliff Knowlden would welcome your views.

Enjoy your golfing through the Spring and Summer, we look forward to seeing you at Swinley Forest on 3rd October- details will be circulated in June.



## The K C Wu Memorial Lectures

Following the 2005 Lecture, Daisy Wu, widow of the late K C Wu, suggested to the then Master, Lord George, that perhaps it was time to review the Lecture series and instigate a new memorial to KC. She also recommended that there should be a closer liaison with the Bank of China and the Master's Committee, Court and Trustees gave this some considerable thought. The Middle Warden was asked to approach the Bank of China to investigate whether or not we could instigate a joint charitable venture, which would be in keeping with the memory of KC.

The investigations have now been concluded and the Trustees have agreed that this year should be the final Lecture and that, in future, the Trust will make an annual donation of materials in kind (initially to a value of Five Thousand Pounds (£5,000.00) to an educational establishment in China, in liaison with the Bank of China. The Master will try to visit the school during his tenure and we are approaching the Mansion House to ask if the Lord Mayor or one of his staff would also consent to a visit in the very near future. Daisy has agreed that this will be a very fitting memorial to KC and we will keep you all informed of this exciting new charitable disbursement which truly reflects the internationalism of the Guild.

## Legacies

A reliable source of income is vitally important for the future of the International Bankers Charitable Trust, to enable it to continue with disbursements to charity and education. You do not need to leave a large legacy to make an important contribution to the continuing work of the Trust. When making your will and having ensured that loved ones are looked after as a priority, you can then list the people and charities you wish to benefit. Your lawyer or financial adviser will ensure that you are made aware of the regulations but any gift made to a charity is free of tax and such gifts are deducted from your estate before your inheritance tax is calculated. Because inheritance tax can dramatically reduce the value of a large estate, many people find that they can make a significant contribution to a charity they care about with little effect on the value of the estate they can leave to beneficiaries. Please give this some thought.

## United Guild Service

On the 31st March 2006, The Master, Wardens and Clerk, together with members of the Court and prospective Liverymen of the Guild, attended the United Guild's Service at St Paul's Cathedral. All 107 Livery Companies were represented and St Paul's was filled to capacity for what proved to be a very moving and splendid occasion.

## Charity Swimathon

The Lord Mayor's annual City Dip took place this year on March 10th and 11th. The City Dip was a 5,000 metre sponsored swim which could be swum either by an individual, or by a team of up to 6 members. Teams and individual swimmers were sponsored on behalf of the Treloar Trust (the Lord Mayor's chosen charity). The Treloar Trust provides education, medical support and training in independence for children with physical disabilities.

Two recent additions to the Guild, Henry Parker and Thomas Dixon, took part in, and completed the swim, on March 11th at Holmes Place swimming pool, Barbican. With the help of the Guild, the two swimmers have raised over one thousand pounds, adding to the charitable prestige of the Guild and helping the Treloar Trust achieve its aims.

