

**The City of London Law Society
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1 July 2008

Dear Sirs

Response to DP8/02 - Transparency Disclosure and Conflicts of Interest in the Commercial Insurance Market

The City of London Law Society is the local Law Society of the City of London and represents City solicitors, who make up 15% of the profession in England and Wales. Members of the Regulatory Committee advise a wide range of firms in the financial markets including banks, brokers, investment advisors, investment managers, custodians, private equity and other specialist fund managers as well as market infrastructure providers such as the operators of trading, clearing and settlement systems.

We are writing to respond on one particular comment made in the Discussion Paper in paragraph 2.5. The statement “if the principal pays a fee to the agent, any undisclosed commissions (so called “secret commission”) paid to the agent by a third party could be taken as evidence of corruption”, seems to us to overstate the position. We appreciate that it might be part of the evidence leading to a conclusion of corruption, but corruption requires, we believe, an element of dishonesty and it is by no means necessarily the case that a secret commission also involves corruption. It clearly raises issues in relation to breach of fiduciary duty and similar matters, but that is not quite the same.

We make this point solely because we think it is important that, if the FSA is taking a greater focus on these issues, that there is no confusion as to what is necessary for there to be “corruption” as opposed to breach of civil law duties.

Yours faithfully

Geraldine Gobi

ff.

MARGARET CHAMBERLAIN