

Private and Confidential

Lord Myners
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

12 February 2010

Dear Paul

Thank you for your letter of 28th January.

In reply to your question, Fidelity International has been in contact with all of the major UK listed banks to discuss their current policies on remuneration. We have also been involved in industry wide discussions on remuneration through our membership of and participation in the ABI Investment Committee and the Performance Pay Group of the Corporate Governance Forum.

In our discussions with banks we pay particular attention to the remuneration of main board executive directors but we also take account of their policies towards risk and remuneration more generally. Going forward we will continue to engage with the major UK listed banks to ensure that their remuneration policies are consistent with our interests as fiduciaries on behalf of beneficial owners via our managed funds (in which respect, remuneration is just one of many factors that we consider in our decisions to buy, sell or hold particular shares) and in particular that rewards are risk adjusted and proportionate to the contributions of the individuals concerned. These factors will form the basis of our appraisal of the decisions which are eventually reached by the respective remuneration committees.

In relation to remuneration, and our assessment of the remuneration policies of UK listed banks, we are mindful that these banks operate in a global market and if they are to succeed on a long term basis then they must be able to attract and retain the necessary level of talent. If restrictions are placed on how UK-listed banks are able to hire and reward staff, but not on banks based elsewhere, then those banks subject to remuneration restrictions will become uncompetitive and over time will suffer as they lose their best people to others who are not subject to the same restrictions – and that is unlikely to be in the long-term interests of our investors.

Yours sincerely



Nicky Richards
Group Chief Investment Officer