

## Sykes wants 'Hippocratic oath' for investment sector

By Grant Ringshaw (Filed: 13/06/2004)

An independent inquiry led by Sir Richard Sykes, the former chairman of GlaxoSmithKline, will this week call on the investment industry to sign up to a new code of conduct in a bid to restore public trust.

The inquiry is understood to have come up with 52 recommendations seven months after it started its work as part of an initiative by the think-tank Tomorrow's Company.

The central recommendation is that fund managers, life insurers and listed companies should draw up a code of good behaviour - what Sykes describes as a Hippocratic oath. Speaking to The Telegraph, Sykes, who is now the rector of Imperial College, said: "The number one thing is not that we are recommending more regulation and legislation.

"This is a call to say to the partners in the investment industry that they need to get together to sort out the crisis of confidence in investing."

Sykes is calling for the financial industry to take tough action against any firm that signed up to the code and then breached it. "There should be some sanction for people who break the rules - perhaps fines - and those that do should be thrown out, just as they would be if this was the medical profession. This has to have teeth."

The inquiry also identifies other key areas including "enormous disconnects" in the investment system between the owners of shares - ordinary people saving for their pensions, for example - and fund managers.

Other criticisms include a lack of reliable independent research on companies, the failure of investors and fund managers to act as responsible long-term investors, a lack of transparency and simplicity in products and a gulf in investor education.

"The issues are about trust, confidence, transparency, standards and principles. At the end of the day we need to bring confidence back so that people are willing to invest in equities rather than rushing headlong into bricks and mortar," said Sykes.

The inquiry team included senior figures from the investment industry, such as Stanley Fink, the chief executive of Man Group, the hedge fund manager, and Tony Watson, the chief executive of Hermes, as well as senior executives from a series of public companies.

■ [9 November 2003: Sykes fears new wave of Government regulation](#)

Information appearing on telegraph.co.uk is the copyright of Telegraph Group Limited and must not be reproduced in any medium without licence. For the full copyright statement see [Copyright](#)