

16th January 2008

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Rt Hon Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor

Capital Gains Tax Changes

The Association of Private Client Investment Managers and Stockbrokers (APCIMS) is the organisation that represents those firms who act for the private investor and who offer them services that range from no advice or execution only trading through to portfolio management for the high net worth individual. Our 216 member firms operate on more than 500 sites in the UK, Ireland, Isle of Man and Channel Islands, and following the merger of EASD into APCIMS increasingly in other European countries as well. APCIMS members employ 25,000 regulated staff, they have under management £377 billion for the private investor and undertook last year 20 million trades on their behalf.

Further to my letter to you on 1st November 2007 we note that as at today's date there are currently fifty five working days before the end of the fiscal year and no announcement has been made in respect of changes to the Capital Gains Tax regime. Our members are very concerned that there is insufficient time to advise professionally clients on their portfolios. The problem is compounded in that our members will not have time to develop their computer systems to assist them in this process and the timing of Easter will make contact very difficult. Due to the detail and the number of clients involved many of our members' investment managers normally work through out late autumn and beyond preparing and providing advice to clients to ensure each client's portfolio utilise any tax allowances and properly reflect the client's tax objectives.

There is also a real concern among our members that due to the highly illiquid nature of much of the stock covered by taper relief arising from the 1998 legislation that any late changes will create a 'false market'. We raised these specific concerns with the Economic Secretary last October.

In the event that the tax changes take place with effect from 6th April 2008 our members are in the invidious position that they will find it exceeding difficult to fulfil their regulatory and contractual obligations because any announcement on the tax changes will give them insufficient time to review the tax position of all of their clients. Our firms will make every effort in the time available to them to address the needs of their clients but even if the announcement is imminent

many firms will face significant difficulties in meeting their obligations. We would urge you to delay any changes to the Capital tax regime until the beginning of fiscal year 2009-2010.

We are sending a copy of this letter to Clive Briault, Managing Director – Retail at FSA, and Walter Merricks, Chief Financial Ombudsman at FOS, to inform them of the position.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Bennett". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Bennett
Chief Executive