

City aims for transparency

The reason many in the City were stung by Vince Cable's comments is that a great deal of work has been going on to address some of the concerns he has raised.

One such effort is the New City Initiative, a collection of 20 fund managers led by Crispin Odey, Daniel Pinto of Stanhope Capital and Dominic Johnson of Somerset Capital.

The group agrees that there has been a misalignment of risks and rewards in fund management. The investors' money is at risk and the managers get the rewards.

Somerset Capital has tackled this by requiring its partners to pay a large

portion — nearly 20 per cent of salary — into a members trust, which invests in the firm's funds.

Among the group's sensible proposals is the idea that investment firms should make clear to customers how much they invest in their own products.

The group is due to meet Dr Cable soon. Let's hope he doesn't view them as spivs and gamblers.