

## **22 February 2023 – Capital Markets Industry Taskforce (CMIT) meeting – Key points discussed**

### **Introduction / Procedures**

- Members approved the minutes.

### **Workstream 1: Unlocking additional sources of capital for UK companies, including from pension funds and insurance**

Chairs: Peter Harrison, Andy Briggs

Leads: Jon Symonds, Klaus Hommels, Kay Swinburne

Focus: Making it easier for capital to flow in the direction which generates greatest benefit, supporting UK companies and providing pension and policy holders and savers with strong long-term returns.

- The workstream reiterated their key focus areas: Solvency II, Direct Contribution pension schemes, the vehicles and infrastructure for investing capital, and changing the culture around long term investment.
- In 2023, the focus should be on successful delivery of ongoing initiatives, such as Solvency II and DC consolidation.
- The workstream noted the recent Government consultations on Local Government Pension Schemes, a new Value for Money framework, addressing the challenge of deferred small pots, and broadening the investment opportunities of defined pension schemes. If they are delivered successfully, they could make a meaningful difference to unlock more capital in the UK.
- Members discussed the potential for a range of different options to encourage pension fund consolidation, ranging from guidance to mandated consolidation. Trustees could be asked whether they have to scale to properly serve their pension holders. Benchmarking funds' performance and government's powers to consolidate a fund if it doesn't meet certain objectives, such as return, could be another solution (one member noted the existence of similar powers in Australia).
- An additional aspect is ensuring that alongside unlocking capital, we encourage this capital to stay in the UK to fund UK businesses. Any such measures would need to be structured to be in the best interests of the pension holder.
- The example of Bpifrance shows how a joined-up approach to funding, from early-stage private capital to anchoring IPOs helps scaling companies at all stages. Members noted that funding needs to be combined with the right expertise.

### **Workstream 2: Corporate governance code and stakeholder engagement reform**

Chair: Jon Symonds

Leads: Mark Austin, Peter Harrison, Andy Briggs, Kay Swinburne

Focus: Improving the relationship between companies and investors in a way that provides quality governance and clear accountabilities, enabling UK companies to compete and grow effectively to the benefit of all their stakeholders.

- Members discussed ongoing engagement with the Financial Reporting Council with regards to corporate governance reform.

### **Workstream 3: Creating the best environment for the UK to produce high growth, consequential companies**

Chair: Matthew Scullion

Leads: Mark Austin, Jon Symonds, Kay Swinburne, Klaus Hommels

Focus: Create a series of recommendations to help improve the environment in the UK for creating high growth, consequential companies, including ways to: increase support for entrepreneurs, change the attitude and playbook of domestic investors to risk and consequential business building, change attitudes to risk taking, business building and entrepreneurial success in the public and media.

- The workstream updated the members on work to analyse UK unicorns, including key features, financing needs and history, to see how the UK can produce more a greater number of larger innovative companies.
- Members reiterated the importance of UK capital in the early stage of companies' growth and the workstream updated on plans to work with universities to support standardisation of university spinout structures.

**Workstream 4: Development of Intermittent Trading Venue (ITV) to provide secondary liquidity**

Chair: Julia Hoggett

Leads: Klaus Hommels, Matthew Scullion

Focus: Support the development of a new class of venue, which would operate on an intermittent trading basis and act as a bridge between public and private markets, boosting the UK as a destination for all companies to gain access to the investment they need to create jobs and grow.

- The workstream noted ongoing engagement with the Government, FCA and market participants to further refine the regulatory framework over the coming months.