

26 July 2023 – Capital Markets Industry Taskforce (CMIT) meeting – Key points discussed

Introduction / Procedures

- Members approved the minutes.

Capital Markets Industry Taskforce Conference

- Members relayed the positive feedback they had received regarding the conference and stressed the importance taking forward concrete actions following the highly productive plenary and workshop discussions. The taskforce noted the alignment between the conference discussions and the Mansion House proposals.
- The taskforce agreed that the next milestone moment will be the Autumn Statement later in the year and the importance of ensuring feedback is provided promptly to HMT ahead of the announcement.

Workstream 1: Unlocking additional sources of capital for UK companies

Chairs: Peter Harrison, Andy Briggs

Leads: Jon Symonds, Klaus Hommels, Joe Cassidy

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.

- Members welcomed the Mansion House speech on 10 July and the widespread consensus on the need to consolidate pension funds and unlock domestic capital in the UK.
- The next crucial step will be to set out the means of deploying UK pension fund capital and what the associated timeframes for this deployment will be. A number of vehicles need to be explored, potentially including the Lord Mayor's Future Growth Fund, a sovereign wealth fund built around the British Business Bank, the Government's Long-term Investment for Technology and Science initiative (LIFTs) and the use of existing UK fund structures (such as closed-ended funds).
- Despite the focus on DC schemes, members noted that the UK should continue to explore how to make a better use of its £1.7tn in Defined Benefit asset pools. Many schemes are fully funded and do not require going to buyout.
- Another area to explore is how illiquid/private debt could play a role in future, particularly given its utility in funding long-term projects like social housing and green energy projects.
- Alongside this, members reiterated the need to deliver on the policy announcements and regulatory proposals made, as well as ensuring the necessary cultural change in the UK to improve how capital is invested – with a focus on delivering long-term returns as much as managing downside risks.

Workstream 2: Corporate governance code and stakeholder engagement reform

Chair: Jon Symonds

Leads: Mark Austin, Peter Harrison, Andy Briggs, Joe Cassidy

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.

- The workstream will focus its upcoming meetings on distilling the feedback from the CMIT Conference workshop.
- The members discussed the importance of ensuring that asset owners are taken along the journey, with a number of company Chairs and the asset managers already actively engaged in the workstream.
- One takeaway from the CMIT Conference was that fund managers should be involved in voting on key issues rather than just governance teams.

Capital Markets of Tomorrow report

- Mark Austin gave a brief update on the progress of the Capital Markets of Tomorrow report, including on the structure and timelines.

Celebrating UK Entrepreneurship

- Members noted the positive data in the UK demonstrating our capacity to innovate and our entrepreneurship, however they recognised how this is often overshadowed by negative economic news. Members discussed creating an ongoing campaign that helps tell entrepreneurs' stories and helps amplify UK success stories.