

Opening Speech for CMIT Conference

Opening Speech for the CMIT Conference

Good morning everyone and thank you so much for joining us here today.

It is remarkable to me that the CMIT conference now feels as if it has become a part of the cadence of the City. What a difference a year or two makes one might say!

My CMIT colleagues and I have spoken from numerous podia over the course of the last couple of years articulating '*the what*' and '*the why*' of the CMIT agenda.

Most of you in this room will know what it is, and many may be sick of hearing us say it. But I beg your indulgence whilst I repeat it.

It is to support change within the UK capital markets ecosystem so that it can fulfil its vital purpose: to drive capital into companies up and down this country and those around the world who rely on the UK for their financing; to ensure that UK investors have access to high quality assets that can generate the returns they need; *but*, to do that with a very clear sense of place. Of the fact that companies operating in the UK, driving growth, driving productivity and driving jobs cannot be an afterthought in how our capital markets function – in how the flywheel we drive turns – but a focus.

I do believe that the dialogue regarding the capital markets has now evolved to think in exactly those terms.

As an ecosystem, our role can, and does, make a material difference to people up and down this country every day and that is why the pace and stickiness of change is so important. And that is also why the progress made over the last year needs to be recognised.

As the speakers you will hear from throughout the morning will articulate, a huge amount of change has already taken place within our Capital Markets, and yet more is to come. Whether that is:

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- As the FCA rightly describe, the once-in-a-generation changes to the listing rules and the forthcoming prospectus reforms.
 - And we will hear from Sarah Pritchard, Executive Director of Markets and Executive Director of International at the FCA on their vision for the further evolution of our markets later this morning.
- The completion of Rachel Kent's review into sell-side research and already the changing of the FCA's rules to allow re-bundling.
- The signing of the Mansion House Compact and now, an increasing number of dedicated vehicles to direct DC pension capital into UK private companies and those on growth markets like AIM and Acquis.
- Pension reforms triggered under the last government and being taken forward with vigour by the new Chancellor and through the creation of the first Pensions Minister sitting across both His Majesty's Treasury and the Department for Work and Pensions.
 - We are honoured that Emma Reynolds MP, the Pensions Minister, will be joining us to set out her vision for the government's Pension Review later this morning.
 - A review with an explicit mandate to focus on:
 - Driving scale and consolidation of Defined Contribution workplace schemes;
 - Tackling fragmentation and inefficiency in the Local Government Pension Scheme through consolidation and improved governance;
 - The structure of the pensions ecosystem and achieving a greater focus on value in order to deliver better outcomes for future pensioners, rather than cost; and
 - Encouraging further pension investment into UK assets to boost growth across the country.

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- In the last year, we have also seen the FRC's already completed review of the Corporate Governance Code and the associated guidance changes; their removal of significant swathes of stewardship reporting (I don't know how many people knew that there were over 15,000 pages of stewardship reporting sitting on the FRC's website last year – something intensively burdensome to both produce and indeed to read!) and their current focus on the 5 Ps of the Stewardship Code: Purpose, Principles, Proxies, Process and Positioning, as Richard Moriarty will speak to later.
- We have also seen a significant change in the dialogue between Issuers and Investors which is exemplified by the creation of more venues by which they can have constructive dialogue – more (again) of which will be discussed today.
- And, dare I say it, a growing change in the dialogue around remuneration.
- And, in the context of supporting the scaling of private companies, we have seen the continued evolution and focus on the creation of the world's first cross-over market between the private and public markets – PISCES - to further support the scaling of UK private companies as a complement to the work of the Mansion House Compact.
- And, last but not least, we have a growing body of proposed changes that enhance retail enfranchisement in ownership of both equity and debt in the UK.

I have very deliberately laid this all out in a seemingly exhaustive (and possibly exhausting) list, not to run out of breath when making a speech – never an ideal thing to do - but to make a point: A huge amount of change has already happened or is well in train.

And the list is not exhaustive – as you will hear from panellists and speakers throughout the day.

However, it may not be exhaustive, but it is remarkable.

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I am going to be blunt though, it could also all be squandered if we, as an ecosystem, do not make the changes necessary in the way we operate to take advantage of these reforms and if we do not keep going.

As Sir Nigel Wilson has outlined in his Capital Markets of Tomorrow Report, the potential for the UK, with all our raw ingredients, is remarkable, and the work – to drive the necessary capital into the economy to enhance our clean growth – is critical. There is strong reason for optimism if we continue to keep the ultimate purpose in mind.

I also want to take this opportunity to thank Sir Nigel and the rest of the CMOT team - Mark Austin, John Godfrey, Alex Hickman, Penny James and Conor Lawlor for all their efforts in driving this important work.

We have, as an ecosystem, received an enormous amount of focus and support from governments of both stripes and from regulators and we cannot squander it.

When change is happening so quickly, it can be quite hard to keep up and to keep the vision of the overarching outcome in mind. But as CMIT, I think, we all very much hope that all of us in this room can do just that.

The worst possible thing would be if we did not take advantage of those changes. By definition and for example, you do not get a once in a generation change in the listing rules very often!

We need to make sure we are taking advantage of the UK's ambitious reform agenda, and that means engaging with the detail, recognising the scope of change actually afoot, and in places, changing how we ourselves operate to meet the new environment.

It is not only about using and taking advantage of the reforms however, it is also about facing them with optimism. We have a habit in this country of talking ourselves down – and often without good reason.

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But the problem is, as we all know in markets, perception can have an influence on future reality. This is not an exercise in unbridled, unfounded optimism, but it is an exercise in engaging with all the positive momentum and leaning in.

The UK has possibly the most ambitious capital markets reform agenda anywhere in the world right now and we should be proud of that. It is tackling issues that exist in many developed markets around the world - head on. And by doing so, has the ability to do what no other country is doing.

Fundamentally, this is all designed to support not only the UK's place as a global financial centre, but also to put back, centre stage, both practically and in terms of the public understanding, the City's role in helping grow the UK domestic economy.

We need to acknowledge the changes already made, ensure they are well understood and then focus on the areas which still need to be addressed.

Over the past year, we have all been heartened to see just how much many of the people in this room have leaned-in to solve problems. It is a reflection of the collective efforts of so many people to drive positive change.

I want to take this opportunity to thank everyone on CMIT for their enormous hard work and the energy they continue to devote to this task; to all the speakers joining us today who have equally given the agenda both their time and their professional focus; and particularly William for being both Master of Ceremonies today and the intellectual powerhouse behind a lot of our research; and all of our partners for their ongoing support.

I will embarrass them more later, but I also want to thank the team here at the Exchange who have worked so tirelessly to bring this conference together. As you can imagine, a complete physical take-over of the London Stock Exchange for the day is no mean feat!

The UK Capital Markets are on the right path, but we are only part of the way through the journey, and we should all recognise that this

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a multi-year process... and one that will come with knocks along the way.

In recent months, we have noticed how people are becoming more optimistic about the future. I hope this continues and that when we meet again in a year, again through the collective efforts of all the people here today, there will be even more positive change and growth to reflect on.

Indeed, what a difference another year will make!

Thank you.