

## 19<sup>th</sup> December 2024 – Capital Markets Industry Taskforce (CMIT) Meeting – Key Points Discussed

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### Introduction / Procedures

- Members approved the minutes of the 25 November 2024 meeting.

### CMIT Practitioners Conference

- Members discussed the proposed agenda for the February conference focused on discussing the recent package of reforms to the UK's capital markets and what these changes mean for practitioners in the UK and their clients. Members also discussed the proposed list of individuals who should be invited recognising the importance of bringing together a broad cross-section of the UK's capital markets ecosystem.
- Members agreed to ensure the conference discussions are available on demand following the conference, for a time limited period only.

### Unlocking Capital

- Members discussed the progress achieved by the Mansion House Compact and recognised the importance of ensuring that Compact signatories commit funding to UK quoted growth companies (i.e. those on AIM and Aquis), as well as private unquoted companies, which was part of the Compact's original intention. The UK should not lose sight of the great growth opportunities that exist in those markets, as well as the crucial role its constituents play in the UK economy as reflected in the [Grant Thornton report](#).
- The group noted the importance of ensuring charges across the industry are reflective of a move towards achieving better longer-term performance and not solely a focus on cost management. Without this shift, it would be difficult for UK pension funds to originate investments in higher growth private / quoted companies (which tend to come with a higher initial cost). Some members noted that a byproduct of current consolidation efforts was to incentivise smaller funds to compete more aggressively on cost, which compounded this issue.
- Members reflected that the UK should be more ambitious in its drive to better understand how UK pension funds are investing in the UK. Some efforts are already in train, including through the FCA's Value for Money Consultation, but the UK risks stalling the introduction of important disclosures by attempting to introduce overly complicated disclosure requirements in the first stage. The UK should focus on top level disclosures that indicate how much a UK pension fund is investing in broad asset categories, for example: private UK incorporated companies, UK infrastructure/real estate, quoted companies on a UK growth market, UK listed companies and UK debt. These disclosures should be interpreted in their broadest sense, to accommodate either direct or indirect investments via, e.g. a specialist investment fund. Simplicity would be key to ensure a rapid introduction of these disclosures and could be iterated in future. Members agreed that these disclosures should be introduced as soon as practicable.
- Members also noted the importance on continuing the debate around what the UK should do with the capital currently sitting in UK cash ISAs. There is a huge amount of money

currently sitting in cash ISAs, often underperforming other accessible investments, and generating limited economic growth for the UK. The UK should have a serious debate about whether this was the right place to deploy tax incentives or whether those incentives should seek to incentivise savings to move into higher yielding UK investments, which incidentally, would be more likely to generate economic growth for the UK.

### **Stewardship**

- The group is continuing to engage with the FRC's Stewardship review and are preparing a formal submission to the FRC.
- CMIT members noted the importance of ensuring the Stewardship debate remained focused on the bigger picture. Stewardship reforms should not be bogged down by partisanship, and it was important that all voices, including the needs of the asset owner community were recognised, whilst ensuring the asset owner community understood the concerns and challenges of the issuer community. CMIT members noted the meeting with UKSIF in January as part of its engagement with stakeholders from across the UK capital markets ecosystem.

### **PISCES**

- Members welcomed the publication of the recent FCA consultation on PISCES and the FCA go-live deadline currently planned for July 2025.
- It was highlighted that PISCES is a prime example of innovation in UK markets, and a sign of what can happen when the ecosystem engages on the reform agenda and works together.

### **CMIT's focus**

- There was a discussion around the ongoing focus for CMIT in 2024/25. Members agreed on the need to continue working on unlocking domestic capital investment particularly through the Pension reforms and with a renewed focus on increasing retail investor access to UK markets.