



Capital Markets – Speech 12

National Hotel, Moscow

Monday 2nd July 2012

The Lord Mayor of the City of London Alderman David
Wootton

Thank you. I am delighted to have the opportunity to speak to you today.

The City of London remains the world leading global financial centre. It has a crucial role in the global economy is just as important: the City is the place that global business looks to raise capital, manage risk and procure world class products and services.

No other market on earth can match the City of London for the range and scale of its activities or its reputation for quality and reliability – and we offer the springboard to international markets, whether they are in the dynamic high growth economies or the European Union.

A central part of my role as Lord Mayor is to promote UK based expertise and UK based services in overseas markets; promoting two way trade and investment –

**helping to create jobs, growth and prosperity at home
– whilst supporting global economic growth.**

**I therefore act as a global ambassador for the whole of
the UK's financial, professional and business services
industry – the City and UK Brand.**

**But increasingly I also speak for a great deal more
because the City is a global financial centre – but it also
provides the whole cluster of services business – and
international business – needs for success.**

And business – whether domestic or international – comes to the City and to the London Stock Exchange to raise its capital – as I know from working on IPOs in my own career as a City lawyer. Accessing high quality capital markets is crucial for business – in accessing the funds it needs to grow. But they offer far more: listing fundamentally transforms the way in which a business is run, bringing in new efficiencies and allowing for a better return on the capital employed.

London's Markets are the markets for choice for forward thinking companies – with over 2500 listed on both markets – and with listings for over 600 non-UK companies. The Main Market has listings for over 1300 companies with a total market capitalisation of US\$5.62 trillion – and in 2011 alone there were 28 IPOs, raising US\$ 18.8 bn.

The AIM market is the market of choice for mid range and small companies, with around 40% of the companies listed primarily operating outside of the UK.

Well over 1,800 companies have admitted to AIM since 1995, raising over US\$48 billion to fund their growth. Even in a challenging global marketplace in 2011, 45 new companies listed on AIM, raising US\$ 815 million – with US\$ 6.5 billion raised on the market overall.

There are some core reasons why companies choose to list on the Main Market and AIM:

- **International Investor Base: access to a wide and diverse range of institutional and retail investors;**

- **Geographical reach and wide sector coverage:**
Take for instance, the AIM platform with 40 different industries from over 28 countries – with well over 540 international companies incorporated outside the UK having joined AIM;
- **Expert advisors network: a large and experienced community of advisors to help companies join the London Markets and support them once they're on the market; and**

- **Visibility, profile and high standards of corporate governance with access to customers, suppliers, investors and other key stakeholders.**

Ladies and Gentlemen, the Markets of the London Stock Exchange are some of the largest in the world. But they represent far more than size – important though they liquidity is for companies. They represent a high quality offer, with all the reliability and the highest standards, standards prized by the City of London –

and they represent a high quality offer to our Russian partners.

The IPO pipeline remains strong – the challenge now is for Russian companies to demonstrate their uniqueness and their potential to the market in order to attract capital.

2011 was a strong year – showing the strength of the Market and the strength of the Russian IPOs on it, with 6 IPOs on the Main Market, two further offerings – with capital raised totalling over \$7 billion - and with two companies transferring from GDRs to premium listing and entering the FTSE 100 index.

Moreover, some of the risks of listing in London have – in our view, been overstated – especially tax, where the Treasury – the UK Finance Ministry – has made some clear pro-business choices, especially on tax, with UK corporation tax rate set to be on the lowest in the G20 by 2014.

Similarly, the impact on GDR issuers of the new UK Bribery Act has been overstated. What the UK offers is high standards of probity and corporate governance – exactly the stability, predictability and clarity that business needs. Listing on the London Exchange is itself a guarantee of quality. It is a hallmark of the quality of their business – and the confidence that investors can have in the standards of that business.

But the Government has made it clear that the Act will support not hinder business. Tackling bribery is good for business because it creates the right conditions and a level playing field for business to flourish.

And the Government has published guidance that has made it clear that no businessman acting proportionately and properly has anything to fear from the Act. As the Minister responsible for the Act said: the Act will be implemented fully and in a workable common sense way.

Combatting the risks of bribery is largely about common sense, not burdensome regulation.

And it is certainly not about criminalising hospitality – a normal and valid way of building up business relationships. The Act is trying to tackle the greasing of palms, not the shaking of hands!

The Government has also made it clear that it is unlikely that listing on the London Stock Exchange is unlikely in itself to mean the Act applies to a company – nor will the mere fact of having a UK incorporated subsidiary automatically mean the Act applies.

Ladies and Gentlemen, the City of London remains the world's pre-eminent financial centre – and the London Stock Exchange is the market of choice for internationally focused business. in total there are 49 Russian companies on the Main Market and another 16 on the AIM. I encourage you to join them in accessing the capital and liquidity of the London Markets – and accessing the whole cluster of people and services available in the City of London the world.

I hope you will use and deploy those resources and that expertise – and look to build an even more successful partnership for the future for the benefit of both our countries.