

Zahawi backs taskforce to aid London market's global listings drive

Nadhim Zahawi, the new chancellor, will next week throw the government's support behind a new initiative designed to shore up London's position as a global destination for major company flotations.

Sky News has learnt that Mr Zahawi will use his speech at Tuesday's Mansion House dinner to give his backing to the Capital Markets Industry Taskforce, an industry-led body.

This weekend, sources said the new body would be chaired by Julia Hoggett, the London Stock Exchange chief executive.

Its objective will be to build on the foundations laid by reviews published last year by Lord Hill, the former EU Commissioner, and Sir Ron Kalifa, the former Worldpay chief.

It comes at what many of the City's most senior figures regard as a crucial time for London's status as a global financial centre, with post-Brexit reforms aimed at demonstrating its ability to thrive outside the EU.

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The prospective flotation of ARM Holdings, the British-based chip designer controlled by Japan's SoftBank, is being seen as a litmus test for London's attractiveness to the world's largest technology companies.

Although Masayoshi Son, SoftBank's founder and chairman, has indicated that a secondary listing in London remains possible, bankers believe the chances are diminishing.

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Lord Grimstone, who resigned as minister for investment last week in the wake of Boris Johnson's defenestration, was the driving force in Whitehall behind efforts to persuade ARM to list in London.

He is unlikely to be replaced by a heavyweight figure until well after a new prime minister is in place in September.

Sources said the Capital Markets Industry Taskforce was designed to be a long-term addition to the infrastructure of bodies which promote reforms aimed at strengthening London for both investors and companies.

Its intention will not be to publish a single report but to make periodic recommendations to government about measures that will augment the City's international appeal.

Several top industry figures are being lined up to serve alongside Ms Hoggett, they added.

While it is not a government-commissioned group, the endorsement of Mr Zahawi will represent an important vote of confidence in its mandate.

Globally, initial public offering volumes slumped by nearly 50% during the first half of 2022, with London enduring its worst first half since 2009.

Last year told a different story, however, with a string of growth companies such as Deliveroo and Darktrace going public in the City – albeit with the former experiencing a calamitous market debut.

Investors' retreat from tech stocks has cast a fresh shadow over the sector, while in New York the disastrous performance of many special purpose acquisition companies (SPACs) has contributed to plunging private market valuations.

Last year, Lord Hill proposed a series of reforms to London's listings regime, giving company founders enhanced voting rights and reducing free float requirements.

He also called for the establishment of an annual 'State of the City' report – the inaugural version of which will be published next week.

In a separate review, Sir Ron recommended an overhaul of visa rules to boost 'scale-up' companies, the launch of an

international action plan for fintech and further revisions to listing rules.

Sir Ron's report highlighted data showing that of the 3,787 IPOs on major international) stock exchanges between 2015 and 2020, the US alone accounted for 39%, while the UK trailed with only 4.5%.

This week, the Financial Times reported that another report – by Mark Austin, a senior Freshfields lawyer – would be published in the coming days, again with an emphasis on bolstering the City's global competitiveness.

The annual Mansion House dinner is an important showpiece event for the City, with Andrew Bailey, the Bank of England governor, and the Lord Mayor, Vincent Keaveny, also making keynote speeches.

For Mr Zahawi, who will have been in post for less than a fortnight, it will mark an important opportunity to demonstrate his credentials for the role under whoever becomes the new Tory leader.

Sky News revealed this week that senior civil servants were deliberating over whether the chancellor would have been able to speak at the event if he had remained in the leadership contest.

A spokeswoman for LSEG declined to comment on Saturday, while the Treasury said it would not comment on "speculation".