



HM Treasury

# The Financial Services Trade and Investment Board

## Annual Report 2018

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February 2019



# The Financial Services Trade and Investment Board Annual Report 2018

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# Foreword

The UK is a global centre for international finance with markets that serve customers, companies, and investors here at home and across the world. We have a unique business environment and financial ecosystem, recognised globally for its high standards, diversity, and equal treatment of all. Underpinning this are three pillars – innovation, resilience and openness – that have been historical strengths and are an underlying foundation of the UK’s financial sector.

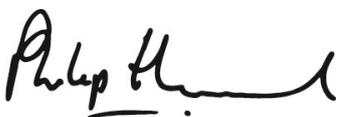
Financial services play a fundamental role in the UK economy. The sector employs over one million people and in 2017-18 the sector accounted for over 10% of total UK tax receipts. Indeed in 2018, financial services contributed £127 billion to the UK economy. The government is determined to maintain and enhance the UK’s competitive position, both now and in the decades to come.

Our ability to innovate and evolve is a major part of the story, whether that’s London’s role in the creation of the Eurodollar market in the 1950s and 1960s or the Big Bang reforms of the 1980s. Today, our embrace of technological change and leadership as a global FinTech hub are defining the financial services of the future.

These underlying foundations and the capacity to innovate will of course be at the forefront as the UK leaves the EU and shapes its post-Brexit future as a leading global financial centre. Now more than ever, it is vital for government and industry to work together to deliver for the UK as a whole.

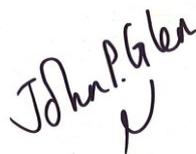
The Financial Services Trade and Investment Board (FSTIB) plays an important role in this respect, informing the government’s priorities and supporting UK firms to export abroad, while attracting inward investment. To highlight just a few of the developments over the past year: we established the Treasury’s Infrastructure Financing Exchange; launched the Belt and Road Initiative Expert Board to provide a public-private sector forum to discuss the commercial opportunities and challenges of the BRI; the government hosted its second international FinTech conference, where we agreed a new FinTech bridge with Australia; and we’ve seen the development of the UK’s market for Insurance Linked Securities following the implementation of legislation in 2017.

By continuing to work together, government and industry can identify and realise the further opportunities that our financial markets can unlock; enhancing our competitiveness and driving trade and investment in our globally important financial sector.



**Philip Hammond**

*Chancellor of the Exchequer*



**John Glen**

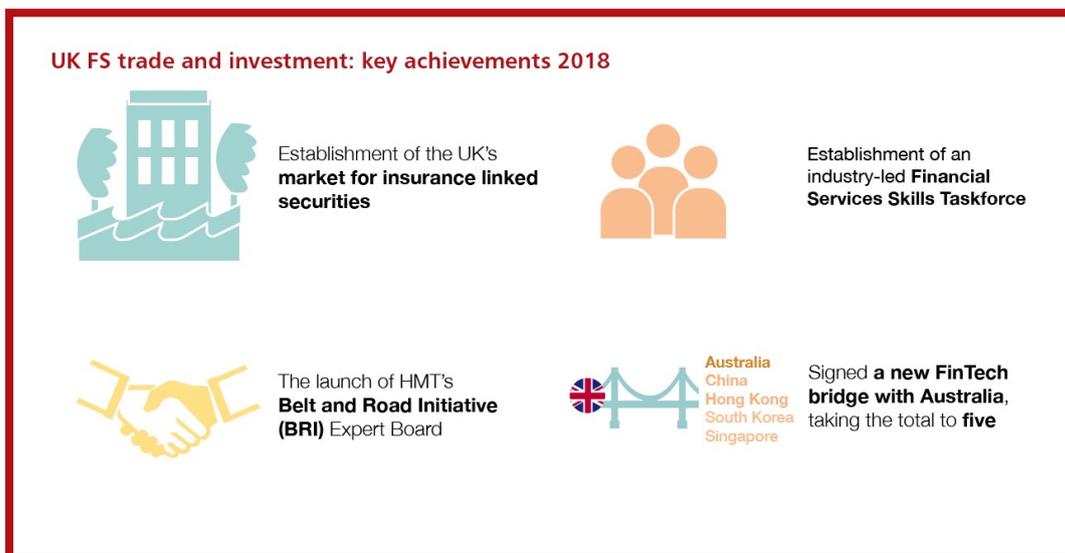
*Economic Secretary to the Treasury*



# Chapter 1

## Introduction

1.1 The Financial Services Trade and Investment Board is an HM Treasury-led body, drawing together senior figures from across government and industry. The Board is tasked with informing the government’s financial services trade and investment priorities, and supporting UK firms to export abroad and attract inward investment from overseas. As well as supporting the international outlook of the UK’s financial sector, FSTIB plays a wider role facilitating the development of cross-cutting UK markets domestically, such as FinTech, which contribute to the overall competitiveness of UK financial services.



1.2 The UK is a global centre for international finance, serving customers across the globe. It has strengths across all the major sectors, and world-leading positions in the markets of the future including FinTech, green and sustainable finance, and renminbi and rupee products.

1.3 The UK is a leading global net exporter of financial services<sup>1</sup> and, in 2017, had a financial services trade surplus of £60 billion (over £77 billion gross exports).<sup>2</sup> In 2018, the financial services sector contributed £127 billion to the economy, 7% of gross value added (GVA).<sup>3</sup>

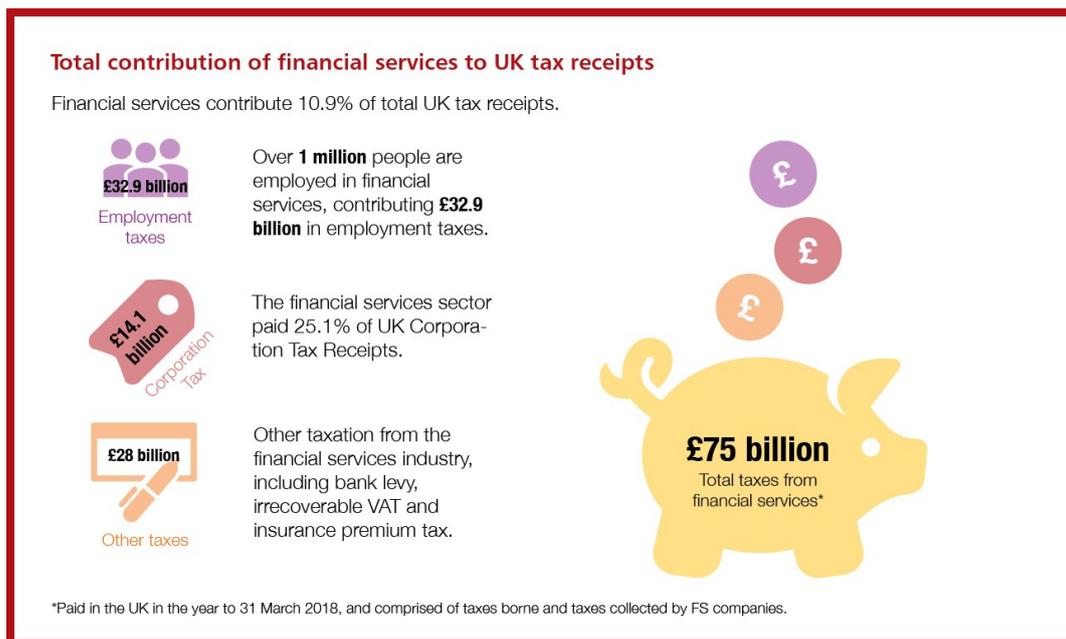
<sup>1</sup> *Key Facts about the UK as an international financial centre*, TheCityUK, October 2018. Available at: <https://www.thecityuk.com/assets/2018/Reports-PDF/94053cfc7b/Key-facts-about-the-UK-as-an-international-financial-centre-2018.pdf>

<sup>2</sup> Office for National Statistics (ONS), December 2018

<sup>3</sup> ONS, February 2019

1.4 The sector is a major source of jobs, employing over one million people across the country – and once closely linked professional services roles, such as consultancy, legal services, and accounting are included this figure rises to over two million people across the UK.<sup>4</sup> While London is the UK’s most developed financial centre – playing an important role on the global stage – it is complemented by regional centres the length and breadth of the country, with two-thirds of financial sector jobs located outside of London.<sup>5</sup>

1.5 The financial services industry is also a major contributor to tax revenue. In the financial year to 31 March 2018, the sector contributed £75 billion to the Exchequer – accounting for 10.9% of total UK tax receipts.<sup>6</sup>



1.6 The structure of FSTIB remained unchanged for 2018, recognising that the established workstreams continued to reflect government priorities for UK financial services trade and investment. Looking ahead, including to a post-Brexit environment, HM Treasury will consider in the next reporting period whether the structure and focus of the Board should be adjusted. Further details of Board membership and structure can be found in Chapter 3.

## The annual report

1.7 This document contains a detailed progress report, which highlights the achievements the Board has overseen during the past year and priorities over the coming year.

<sup>4</sup> *Key Facts about UK-based financial services and related professional services*, TheCityUK, April 2018. Available at: <https://www.thecityuk.com/assets/2018/Reports-PDF/38f60d8b7d/UK-key-facts-about-UK-based-financial-services.pdf>

<sup>5</sup> *NOMIS ONS workforce jobs by industry (SIC 2007)* – seasonally adjusted, NOMIS December 2018

<sup>6</sup> *Total tax contribution of UK financial services: Eleventh edition*, City of London Corporation/PricewaterhouseCoopers; December 2018. Available at: <https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/total-tax-report-2018.pdf>

# Chapter 2

## Annual progress report

2.1 With the Board's agreement, HM Treasury kept the structure of FSTIB unchanged in 2018, maintaining the seven established workstreams. It was agreed this structure continued to prioritise the areas of greatest importance and opportunity, as well as representing those areas where the Board could be most impactful. The Board agreed to focus on the following areas:

- 1 **UK-US Financial Partnership:** to deepen further links and enhance financial cooperation between the world's two preeminent financial markets.
- 2 **UK-China Financial Partnership:** to establish close ties and build long-term financial cooperation between the UK and China.
- 3 **UK-India Financial Partnership:** to foster long-term financial cooperation between the financial centres of the UK and India.
- 4 **Capital Markets:** to increase and promote further the international competitiveness of the UK's deep and liquid capital markets.
- 5 **FinTech:** to develop further the UK's position as the world's leading FinTech hub, increasing inward investment and trade opportunities for UK-based firms.
- 6 **Insurance:** to develop further the UK insurance and reinsurance sectors, increasing the market share of UK firms in priority markets and attracting inward investment to the UK.
- 7 **Investment Management:** to develop further the competitive offering of the UK's investment management sector, increasing trade and investment through promotion of the UK sector to priority markets.

## UK-US Financial Partnership

2.2 The UK-US financial services relationship is a cornerstone of the global economy. Together, both countries make up over 41% of global financial services exports<sup>1</sup> with the US representing the UK's largest net export market for financial services.<sup>2</sup>



2.3 The UK-US workstream was established in July 2016 to deepen links and enhance cooperation. 2018 highlights include:

- **The formation of the US-UK Financial Regulatory Working Group (FRWG)** which has led to a step-change in the close relationship between the UK and the US in financial services. This new forum for regular engagement is chaired by UK and US Treasuries with contributions from financial regulators. The group has initially focused on continuity as the UK leaves the EU, including the signature in December 2018 of a US-UK insurance agreement that replicates benefits for insurers of an EU-US agreement. Over time the FRWG aims to facilitate even closer collaboration on financial services between the UK and the US. This complements the quarterly Department for International Trade (DIT) and US Trade Representative (USTR) led US-UK Trade & Investment Working Group (TIWG), where HM Treasury lead financial services sessions.
- **The establishment of a US-UK financial and related professional services industry coalition** to enable industry to contribute to policy discussions and provide views for the US-UK FRWG and TIWG. In addition, TheCityUK US Market Advisory Group (MAG) has explored ways to enhance cooperation in US-UK financial and related professional services and is currently developing policy proposals. This resulted in a report examining the basis

1 UNCTAD, <http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx>

2 Key facts about the UK as an international financial centre, October 2018 TheCityUK

for a new UK-US relationship in financial and related professional services. The group is currently developing further policy proposals based on the conclusions and recommendations of its report.

- **DIT-led trade missions to the US** to promote the UK as an international financial centre, including events in New York, Atlanta, Boston and Chicago. DIT also hosted a Brexit roundtable breakfast series promoting dialogue between business representatives, policymakers and regulators in the US and the UK. TheCityUK has also encouraged US venture capitalists to invest in UK-based FinTech start-ups, including through the publication – unveiled in San Francisco – of the report *Launching a FinTech in the United Kingdom*.<sup>3</sup>

**2.4** In 2019, the UK will continue to strengthen its cooperation with the US, including through the second US-UK FRWG due to take place in the US in the first half of the year. This will complement ongoing bilateral engagement on financial regulation to facilitate financial services activity between UK and US markets. Similarly, the UK will deepen its understanding of trade and investment opportunities through regular discussions with industry. A priority will be to support and develop industry research on FinTech and cross-border data flows, as well as DIT-led missions to the United States.

## UK-China Financial Partnership

**2.5** Demographic trends and the increasingly complex needs of domestic corporates, savers and investors continue to drive demand for UK financial services in China, and HM Treasury is committed to enhancing UK firms' access to mainland markets. Chinese reforms announced in 2018 include permission for foreign entities to own a majority stake in financial joint ventures, and new banking, asset management and FinTech licences have been awarded to UK firms. London has also strengthened its status as the world's leading renminbi (RMB) trading centre, responsible for 39% of all RMB foreign exchange transactions outside of China – a greater share than New York and Hong Kong combined.<sup>4</sup> Highlights of 2018 include:

- **The launch of HMT's Belt and Road Initiative (BRI) Expert Board and the creation of HMT's Infrastructure Financing Exchange (IFX).** Co-chaired by the Economic Secretary to the Treasury and Sir Douglas Flint, HM Treasury's Financial and Professional Services Envoy for the BRI, the Expert Board has provided a forum for public-private sector discussion of the BRI's commercial opportunities and challenges, as well as the role the UK could play in funding and facilitating BRI projects. The IFX has also been established to further explore and enact the Expert Board's recommendations, and to provide the secretariat to both the Board and the Envoy.

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<sup>3</sup> *Launching a FinTech in the United Kingdom*, TheCityUK, October 2018. Available at: <https://www.thecityuk.com/research/launching-a-fintech-in-the-united-kingdom/>

<sup>4</sup> *London RMB Business Quarterly*, City of London, December 2018. Available at: <https://www.cityoflondon.gov.uk/business/asia-programme/greater-china/Documents/london-rmb-business-quarterly-issue-2-2018.pdf>

- The China-UK Green Finance Taskforce, alongside the organisation Principles for Responsible Investment, established a group of UK and Chinese financial institutions to pilot implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). This TCFD pilot, set to continue its work until 2020, aims to improve the capacity of these institutions to disclose climate-related information. The Green Finance Taskforce – established by the China Green Finance Committee and the City of London’s Green Finance Initiative – also published their report *Delivering for a greener tomorrow*, highlighting continued close collaboration in green finance between the two countries, including on green asset securitisation; environmental, social and governance (ESG) investing; and Belt and Road investments.<sup>5</sup>
- The launch of the London RMB Business Quarterly Report and publication of its first two issues. The City of London Corporation and the People’s Bank of China Representative Office for Europe have worked in partnership to produce these reports highlighting London’s influence as a leading RMB market outside of Asia. The report serves to contribute to the understanding of the London offshore RMB market, providing the most recent data, policies and commentaries from market participants.

2.6 In the year ahead, priorities include: supporting final arrangements and preparations for the launch of the London-Shanghai Stock Connect, a landmark initiative permitting UK investors to access Shanghai-listed equities and vice versa; convening the first UK Belt and Road Initiative Forum; and holding an RMB internationalisation dialogue to support London’s continued development as the leading global centre for RMB trading and investment.



## UK-India Financial Partnership

2.7 India has maintained its position as the world’s fastest-growing major economy, with a 7.4% growth in GDP in 2018.<sup>6</sup> The UK, as a global centre for international finance, is in an ideal position to support this growth and expand

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<sup>5</sup> *Delivering for a Greener Tomorrow*, UK-China Green Finance Taskforce, November 2018. Available here: <http://greenfinanceinitiative.org/wp-content/uploads/2018/11/Delivering-for-a-Greener-Tomorrow-progress-report-30.11.2018.pdf>

<sup>6</sup> *World Economic Outlook*, International Monetary Fund; October 2018

collaboration as India’s partner of choice for financial and professional services. This workstream has helped to identify key areas for opportunity and greater cooperation between the UK and Indian financial services sectors. Highlights of the UK-Indian financial services relationship in 2018 include:

- **The UK and Indian governments committed £120 million each to support the Green Growth Equity Fund** during Prime Minister Modi’s visit to the UK in April 2018. The Green Growth Equity Fund is a UK-India sub-fund under India’s National Investment and Infrastructure Fund which will provide financing to India’s growing energy and renewables market.
- **The London Stock Exchange Group signed a Memorandum of Understanding with the National Stock Exchange of India** in September 2018 to work together towards creating a dual listing route for Masala bonds. This builds further on the UK’s position as the world’s leading centre for offshore rupee denominated finance.
- **The UK and Indian governments agreed to create a new UK-India FinTech Dialogue** during the Prime Ministers’ summit in April, which will provide a forum for sharing knowledge and information on FinTech policy development and regulation in each sector. The first meeting was held in February 2019. The India-UK Financial Partnership (IUKFP) is in the process of producing a report on UK and India FinTech, which will continue to support further collaboration.

### The UK is a world leading centre for offshore rupee denominated finance



In September 2018, the London Stock Exchange Group signed a Memorandum of Understanding with the National Stock Exchange of India to work towards creating a dual listing route for Masala bonds.

**2.8** In 2019, priorities will include making progress on outstanding IUKFP recommendations, including those outlined in a 2018 review of the policy papers delivered between 2015 and 2017; and conducting further research on potential areas of collaboration. Work will also take place on identifying strategic priorities for the UK-India bilateral relationship post-Brexit.

## Capital Markets

**2.9** London offers a long-standing globally-oriented investor base and the deepest pool of international capital in the world. The availability of capital is a sustained focus of FSTIB as it allows firms to expand, supports the creation of new jobs, and boosts productivity and growth across the UK. The Capital Markets workstream aims to enhance the competitiveness, international reach and efficiency of UK capital markets. Highlights of 2018 include:

- **The launch of the British Business Bank Patient Capital Fund** in June 2018, which will contribute to UK productivity by increasing investment in venture capital and growth across the UK. The £2.5 billion fund will enable more high-growth potential firms, such as breakthrough science and technology companies, to access financing that will enable them to grow into world-class businesses.
- **The expansion of ELITE, LSEG’s international business support and capital raising programme, to new markets** which will increase access to finance for small and medium sized enterprises. In 2018, ELITE was launched in Saudi Arabia and the US, and significant progress was made in exploring ELITE’s launch in Kenya and India in partnership with local stock exchanges.
- **Supporting competitiveness and levelling the playing field for debt and Sukuks listed on LSEG’s International Securities Market (ISM)** by (i) enabling debt admitted to trading on the ISM to benefit from the Quoted Eurobond Exemption (QEE), and (ii) ensuring Sukuks admitted to the ISM benefit from the same UK fiscal treatment as Islamic finance securities listed on other markets. These changes in legislation have made the ISM more competitive globally, ensuring the interest on debt traded on wholesale UK multilateral trading facilities can benefit from the QEE. As of November 2018, there have been 25 bonds issued on ISM, across seven countries, raising \$14.3 billion.<sup>7</sup>

**2.10** In addition, there were several landmark sovereign issuances in London, including Saudi Arabia listing a \$2 billion sovereign sukuk as well as issuances from Egypt, Nigeria and Ghana, among others.<sup>8</sup> 2018 also saw increasing momentum in the number of green bond issuances in London.



**Building on London’s green bond offering**  
By the end of 2018, 95 green bonds had been issued in London, raising over \$26 billion

**2.11** Priorities for 2019 include developing further the UK’s approach to green finance, notably in capital markets. The government has already announced that it will publish a Green Finance Strategy this year, and launch, in partnership with the City of London Corporation, a Green Finance Institute (GFI). The GFI will ensure that the UK’s green finance expertise is available to both partners at home and internationally.

<sup>7</sup> LSEG figures

<sup>8</sup> Further information available at: <https://www.lseg.com/markets-products-and-services/our-markets/london-stock-exchange/fixed-income-markets/islamic-finance/kingdom-saudi-arabia%E2%80%99s-2bn-sukuk>

2.12 There will also be a focus on channelling private investment into African high-growth companies and modern infrastructure through a range of initiatives drawing upon the cluster and experience of the City of London. A further priority is promoting London's leadership in financing to support the development of key sectors, including FinTech, Healthcare, Lifesciences, IP Commercialisation, Cybersecurity and Artificial Intelligence.

## FinTech

2.13 The UK is the world's leading hub for FinTech, continuing to outpace the global market for FinTech innovation. Priorities for the sector include regulation, talent and skills, interoperability between incumbents and FinTechs, international opportunities, and investment. In 2018, highlights included:

- **TheCityUK launched two key reports.** The first outlined the benefits that flow from collaboration between financial services incumbents and FinTech firms<sup>9</sup>, and led to the delivery of a set of guidelines to facilitate and enhance those partnerships, led by the government's FinTech Delivery Panel. The second looked at opportunities for new forms of infrastructure, Shared Platforms<sup>10</sup>, to promote economies of scale in the delivery of complex financial services activities including regulatory reporting and customer due diligence. These help to reinforce the UK's leading position in financial services through promoting innovation.



- **HM Treasury hosted its second International FinTech conference,** connecting FinTech companies with investors to support them accessing the funding needed to scale up their businesses. During the conference, the Chancellor of the Exchequer announced an agreement for a new FinTech bridge between the UK and Australia. The bridge will help firms to

<sup>9</sup> *Transformation and Innovation: A Guide to Partnerships Between Financial Services Institutions and FinTechs*, TheCityUK, November 2017. Available at: <https://www.thecityuk.com/research/transformation-and-innovation-a-guide-to-partnerships-between-financial-services-institutions-and-fintechs/>

<sup>10</sup> *Splitting the Bill – the role for shared platforms in financial services regulation*, TheCityUK, Deloitte, November 2018. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-thecityuk-splitting-the-bill-the-role-for-shared-platforms-in-financial-services-regulation.pdf>

overcome barriers to international market access by enabling increased regulatory cooperation and trade activity.

- **The government's *FinTech Sector Strategy* was launched** in March 2018<sup>11</sup>; setting out the action government has taken to make the UK the best place to start and grow a FinTech business, as well as future plans to maintain this position.

**2.14** Also in 2018, TheCityUK members were interviewed to identify the skills profiles required by FinTech employers, with findings shared with an academic working group to support the development of a pipeline of talent.

**2.15** Looking ahead, 2019 will see the launch of a report outlining the workstream's research on the skills needed by FinTech. A particular focus will be to support the work on Digital Leadership undertaken by the new industry-led Financial Services Skills Taskforce, announced by the Chancellor in his Mansion House speech in June 2018.

**2.16** In 2018, the Financial Conduct Authority (FCA) announced a Global Financial Innovation Network that will provide a forum for international regulators to collaborate on policy work. A priority will be to continue to engage with the FCA, the Prudential Regulation Authority (PRA) and the Bank of England (BoE), exploring how to implement recommendations from the Shared Platforms report. Additional priorities include considering the funding needed by FinTechs to scale up and supporting UK FinTech Week in April 2019.

## Insurance

**2.17** Insurance is a key domestic and export sector for the UK. The industry employs 104,000 people in the UK directly, and an additional 175,000 in auxiliary services such as insurance brokerage.<sup>12</sup> Net exports in 2017 were approximately £16.5 billion, making the UK the world's leading exporter of insurance and long-term savings products.<sup>13,14</sup>

**2.18** UK insurers serve a truly international set of customers, operating in markets as diverse as the US, Japan, Australia and Morocco. In addition, London remains the global centre for speciality insurance. Corporate clients from around the world insure complex risks through London, drawing on the unique combination of underwriting talent, capital and high regulatory standards.

**2.19** Highlights of the workstream in 2018 include:

- **The creation of a UK Insurance Linked Securities (ILS) market** following implementation of legislation in October 2017. Three transactions were completed under this framework in 2018; the first by Neon Underwriting in

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<sup>11</sup> *FinTech Sector Strategy*, HM Treasury, March 2018. Available at: <https://www.gov.uk/government/publications/fintech-sector-strategy>

<sup>12</sup> *UK Insurance and Long-term Savings – State of the Market*, Association of British Insurers (ABI), February 2018. Available at: [https://www.abi.org.uk/globalassets/files/publications/public/data/abi\\_bro4467\\_state\\_of\\_market\\_v10.pdf](https://www.abi.org.uk/globalassets/files/publications/public/data/abi_bro4467_state_of_market_v10.pdf)

<sup>13</sup> Workforce jobs by industry – seasonally adjusted, NOMIS official labour market statistics; June 2018

<sup>14</sup> Time series: Insurance and Pension Services Balance: CP NSA:£m, Office of National Statistics; July 2018

January, the second by SCOR in June and the third by Brit in November. Government, regulators and industry stakeholders are working together to ensure that the framework continues to operate as effectively as possible and becomes an attractive alternative to traditional ILS hubs.

- **The PRA and FCA’s collaboration to establish an Insurer Start-Up Unit**, which opened in August 2018. The Unit provides guidance to new insurers, particularly through the authorisations process. There has also been a focus on supporting innovation from industry, for instance, the Lloyd’s Lab was launched in September 2018, bringing start-ups together with market experts to shape technology-driven solutions to the challenges faced by UK insurers.



## Establishment of the UK’s market for insurance linked securities

**2.20** In 2019, the focus will be on expanding the use of the UK’s ILS framework, and enabling the London Market to become a world leader in this form of alternative risk management. More broadly, there will be a focus on the promotion of the UK insurance sector internationally, including using the existing Economic and Financial Dialogues with Brazil, China and India to raise global awareness of the UK’s unique offering.

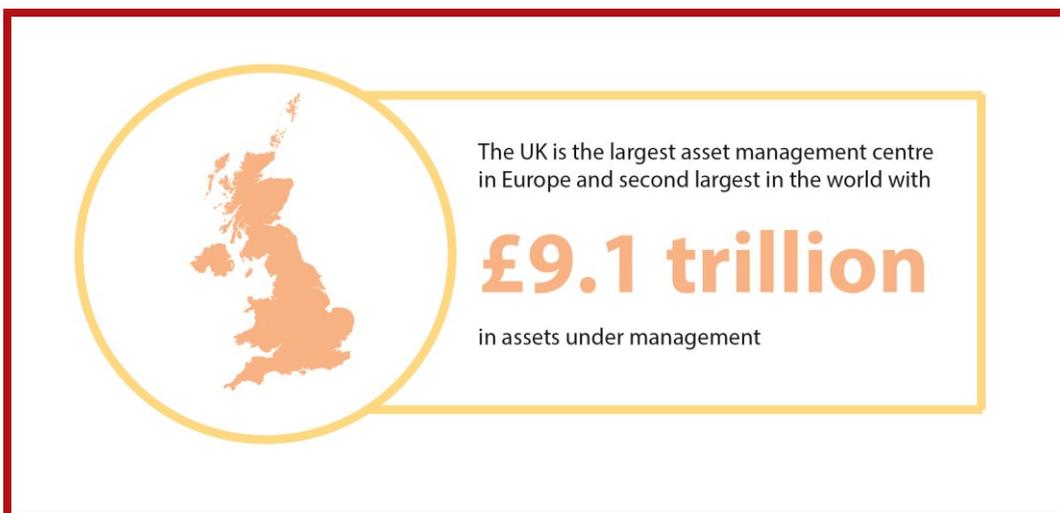
## Investment Management

**2.21** The UK is the largest centre for asset management in Europe and the second largest in the world, with £9.1 trillion in assets under management.<sup>15</sup> This sector is integral to the UK’s financial services ecosystem, providing liquidity to financial markets and generating highly skilled jobs across the UK.

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<sup>15</sup> *Asset Management in the UK 2017-2018: The Investment Association Annual Survey*, Investment Association, September 2018. Available at: <https://www.theinvestmentassociation.org/assets/files/research/2018/20180913-fullsummary.pdf.pdf>

**2.22** The government is committed to enhancing the competitiveness of the UK asset management industry and maintaining the UK's position as a centre of excellence for asset management. *The Investment Management Strategy II* published in December 2017 outlined the government's long-term strategy for this sector.<sup>16</sup> As part of the strategy, the government set up the Asset Management Taskforce, chaired by the Economic Secretary to the Treasury, to enhance the dialogue between government, industry and the FCA. The Taskforce met four times over the course of 2018.



**2.23** Highlights over the past year include:

- **30 industry-led events and visits**, spanning 11 markets including: Australia, Brazil, China, Colombia, Japan, Korea and the US. This series of industry-led, and government-supported, inward and outward visits with overseas markets and clients, to promote the UK asset management sector fostered links with important global markets. The Investment Management workstream also undertook further promotional work, by delivering eight international events, including at the IMF and World Bank meetings in April and October 2018, and two DIT worldwide briefings on the asset management industry.
- **The launch of the Investment Association's FinTech Accelerator**, VeloCity, which welcomed its first cohort of five FinTechs in October 2018. This is part of the asset management industry's drive to boost innovation and speed up the adoption of new emergent technology across the sector.
- **The publication of over a dozen thought-leadership pieces and country briefings**, including promotional pieces such as (i) *UK: A Global Investment Hub* (in English and Mandarin) to help enhance the links with Chinese investors and (ii) the TheCityUK-commissioned report from EY for the UK-Switzerland roundtable on asset management to facilitate official market access discussions.

<sup>16</sup> *The Investment Management Strategy II*, HM Treasury, December 2017. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/665668/The\\_Investment\\_Management\\_Strategy\\_II.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/665668/The_Investment_Management_Strategy_II.pdf)

**2.24** The industry continued to work to advance the UK as a global centre of excellence for Sustainability and Responsible Investment (SRI) approaches, providing significant opportunities for export, partnership and global leadership in this field. In 2018, significant groundwork was laid for an ambitious industry consultation to be launched at the beginning of 2019. The consultation seeks views on key components of the debate, including: industry agreed definitions; proposed retail product labelling; and a clearer view on asset managers' use of disclosure frameworks on sustainability.

**2.25** In addition, the Investment Association developed a Cyber Security Strategy to help asset managers tackle cyber security threats and hosted its first Cyber Security Conference in May 2018.

**2.26** In 2019, the priority will be to continue to advance the objectives outlined in *The Investment Management Strategy II*. In particular, a focus will be to support the increased access of UK asset managers to overseas clients, enhance the sector's provision of innovative products and solutions, and strengthen the global promotion of the UK investment management offering. These objectives will be pursued through the 2019 meetings of the Asset Management Taskforce, the publication of further thought-leadership pieces, and a continued programme of engagement with jurisdictions beyond the EU.

# Chapter 3

## Board structure

**3.1** The Board's structure and the institutions involved remained the same in 2018, although there were changes in Board membership due to personnel changes at the firms represented.

**3.2** One addition was made to the Board:

- David Schwimmer, CEO, London Stock Exchange Group (replacing Xavier Rolet KBE)<sup>1</sup>

**3.3** The six remaining Board members agreed to reprise their roles:

- Nathan Bostock, CEO, Santander UK
- Inga Beale DBE, CEO Lloyd's of London<sup>2</sup>
- Miles Celic, CEO, TheCityUK
- Sir Gerry Grimstone, Chairman, Standard Life Aberdeen<sup>3</sup>
- John McFarlane, Chairman, Barclays
- Helena Morrissey DBE, Head of Investing, Legal and General Investment Management

**3.4** Government is represented on the Board at both ministerial and official level by HM Treasury, the Department for International Trade and the Foreign and Commonwealth Office:

- John Glen MP, Economic Secretary to the Treasury and City Minister, HM Treasury
- Graham Stuart MP, Parliamentary Under Secretary of State (Minister for Investment) at the Department for International Trade
- Katharine Braddick, Director General, Financial Services, HM Treasury
- Richard Knox, Director (International), Financial Services, HM Treasury
- Rob Ward, Deputy Director, Global Financial Markets, HM Treasury

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<sup>1</sup> David Warren attended the June meeting while assuming the role of Interim CEO at the London Stock Exchange Group

<sup>2</sup> Inga Beale stepped down as CEO of Lloyd's of London in October 2018

<sup>3</sup> Sir Gerry Grimstone stepped down as Chairman of Standard Life Aberdeen plc on 31 December 2018. He is currently Chairman of Barclays Bank Plc.

- David Bartlett, CEO, Financial Services Organisation, Department for International Trade
- Lewis Neal, Director for Economic Diplomacy, Foreign and Commonwealth Office

## Looking ahead

**3.5** The Chancellor outlined the Government's long-term vision for the future of the UK's financial sector during his Mansion House speech in June 2018.<sup>4</sup> This was underpinned by three pillars – innovation, resilience and openness – that have been historical strengths of the UK's financial sector and will provide the foundation for future success.

**3.6** As we look ahead, HM Treasury will consider whether the structure and the focus of the Board should be adjusted to ensure that it continues to reflect the government's priorities for UK financial services trade and investment in a post-Brexit context.

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<sup>4</sup> Mansion House 2018: Speech by the Chancellor of the Exchequer, June 2018. Available here:

<https://www.gov.uk/government/speeches/mansion-house-2018-speech-by-the-chancellor-of-the-exchequer>

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