

Banking needs global agreement and rules



CITY COMMENT
NICK ANSTEE

THE INTERNATIONAL Monetary Fund's recent report on how the financial sector could make "a fair and substantial contribution" towards the cost of any future bailouts surprised many commentators by outlining two new levies, rather than the one expected.

The "Financial Stability Contribution" is essentially a flat rate bank levy on balance sheets, specifically their liabilities, which would be paid into a bailout fund or used by the government in its day-to-day budget. Meanwhile the "Financial Activities Tax" would be levied on the sum of the profits and remuneration of financial institutions and paid into national budgets.

We all acknowledge the real anger that exists as a result of the mistakes that were made, but it is important to remember this crisis was not the fault of banks alone. And the danger is that by taking money out of the global financial marketplace we could reduce the availability of credit that is currently driving the economic recovery.

Therefore any reforms need to be rigorously assessed and carefully targeted. Punitive measures could have severe unintended consequences for the wider economy, or give a false sense of security.

We need to work towards creating a stable regulatory landscape that minimises systemic risk but is also open for business.

The only way this can be achieved without undermining the City's competitive position is through international agreement and enforcement.

Unilateral action and regulatory arbitrage would be particularly damaging to the UK given that the financial services industry contributed 12.1 per cent of total tax revenues in the fiscal year ending 2009.

I hope finance ministers – particularly those from jurisdictions facing similar issues and pressures to us, including the USA and Europe – at last week's G20 meeting in Washington took this into account when deciding how to act upon the IMF's recommendations.

While it will not be easy to align the various interests of so many countries, the G20 can and must secure consensus among today's major economic players.

In addition to the financial services industry, the City has a relatively little known, but growing cultural economy. The City of London is home to many important listed buildings and impressive art collections including, of course, my home for this year,

Mansion House. Add to that the Barbican Centre, the Museum of London, the Guildhall Art Gallery, the Livery Companies and the City Churches.

A few days ago I welcomed senior figures from the arts to a lunch at Mansion House to discuss ways in which my mayoralty can become more involved in this growing area. One idea is creating Lord Mayor's Cultural Heritage Scholarships, offering young people six-week placements in this field. We are now working on how this might be taken forward in order to encourage people to consider careers in this increasingly important sector.

Nick Anstee is Lord Mayor of the City of London

BP scrambles to plug Gulf of Mexico leak

ENERGY

By OLIVER SHAH

AN oil spillage of 1,000 barrels per day is leaking from BP's well in the Gulf of Mexico, the US Coast Guard said, days after a deadly explosion sank the offshore Deepwater Horizon rig.

The energy giant was last night scrambling to plug the leak, which is emanating 5,000 feet beneath the surface of the sea. Its discovery – less than 48 hours after authorities said there was no oil spilling from the site – raises the prospect of environmental damage. It will also add to BP's costs in the clean up operation.

Deepwater Horizon, which was moored 40 miles off the coast of Louisiana, erupted into flames last Tuesday after a series of spikes in pressure appeared to send oil rushing to the surface. Of the 126 workers on board, 17 were injured, three critically, and 11 were unaccounted for. The Coast Guard called off its search for survivors on Friday.

BP chief executive Tony Hayward on Saturday offered his condolences

to the families of the 11 workers presumed dead in the "tragic accident". Yesterday he vowed to throw BP's full resources behind the team working to secure the well.

BP and Transocean, which owned the rig, have already been hit with several lawsuits by victims' families.

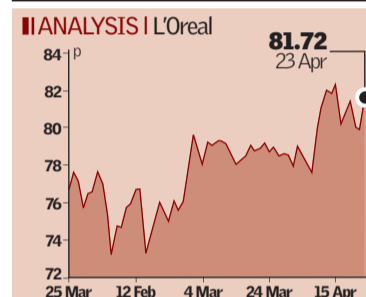
A statement said the remnants of the capsized rig had been found on the sea floor 1,500 feet northwest of the well site. But surface efforts to clean up the oil spillage and block the leak were hampered by thunderstorms, rain and rough seas yesterday.

Washington is expected to announce an inquiry into the incident this week. The news overshadows BP's first quarter results, which are tipped to show a 90 per cent surge in profits to £3.1bn tomorrow.



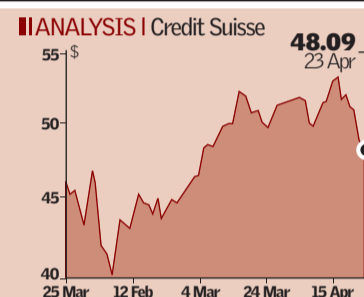
BP chief Tony Hayward faces the defining challenge of his leadership in his reaction to the Gulf of Mexico disaster

BEST OF THE BROKERS



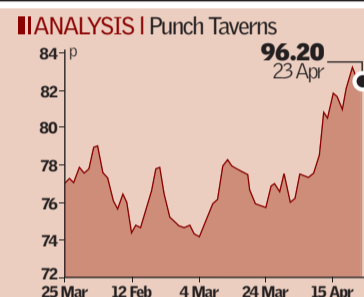
L'OREAL

Standard & Poor's Equity Research (S&P) has maintained a "hold" stance on L'Oreal as it says the beauty group's current valuation continues to discount a broad return-to-growth scenario from this year and in its opinion, leaving limited room for expansion. S&P has raised its 12-month target price for L'Oreal to €85 (£74).



CREDIT SUISSE

Evolution Securities leaves profit before tax estimates for Credit Suisse virtually unchanged, as it says lower revenues can be offset by lower costs and lower cost of risk. Evolution maintains a "buy" recommendation on the bank but has reduced earnings per share estimates by five per cent, reflecting a higher tax rate.



PUNCH TAVERNS

Seymour Pierce says that Punch Taverns is still not making the grade and has issued a "sell" recommendation. Seymour Pierce says they forecast declining earnings per share for the largest pub operator in the UK this year compared to consensus expectations of growth. Seymour Pierce says underlying trends are likely to be negative.

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Samsung Life's record IPO raises \$4.4bn

INSURANCE

INSURER Samsung Life achieved South Korea's largest-ever initial public offering (IPO) on Friday, raising \$4.4bn (£2.9bn) with a placing priced near the top end of the range.

Keen appetite among foreign investors meant the 4.4m-share offer was heavily oversubscribed. With a total market capitalisation of

Won22tr (£13bn) Samsung Life becomes the sixth-largest company on the Seoul stockmarket. Its IPO eclipses the flotation of Korean retailer Lotte Shopping in 2006 and is the second-largest raising in Asia this year, after Dai-ichi Life Insurance of Japan's \$11bn listing.

South Korean life insurers were allowed to become publicly traded companies in 2007 after years of

wrangling over how to share IPO proceeds between shareholders and policyholders. Samsung is the third life insurer in the country to list, following Tong Yang Life Insurance in September and Korea Life. Overseas fund managers have been attracted by the industry's five per cent forecast growth rate this year.

Samsung Life's shares go live on the Korea exchange on 12 May.

CITY MOVES | WHO'S SWITCHING JOBS

Edited by Victoria Bates



Jones Lang LaSalle

The property-focused financial services group has appointed Jonathan Evans to head up its West End agency and central London development team.

Bluefin Insurance Services

The Axa-owned broker has hired a senior property team from risk management, insurance and reinsurance brokerage Aon, headed by Ed Brown.

Brown was formerly a client manager at Aon and will be joining Bluefin as an executive director in the real estate team.

He will soon be joined at the firm by Aon colleagues Keith Burnham, John Johnson and Rob Hunter.

Evans has worked at Land Securities since 2008 and is currently head of asset and property management for the London portfolio.

Prior to that, he spent 11 years at DTZ, where he was head of inward

investment and head of the West End business team.

Mirabaud & Cie

The private banking group has appointed Giles Morland as a partner, effective from 1 January next year.

Morland, 45, is currently managing director of Mirabaud in London and chairman of Mirabaud in Hong Kong. He has worked for the group since 1991.

He also holds external directorships at HH Management and HH Management Holdings.

Mercer

Will Oulton is to join the consultancy firm as head of responsible investment, a role based in London.

Oulton was previously director of responsible investment at the FTSE Group, where he spearheaded the management and development of the responsible investment services division.

He is also a board member of the Responsible Investment Academy of Australia and a member of UKSIF's Sustainable Pensions Advisory Board.

Detica

The intelligence firm, owned by the BAE Systems defence group, has hired Dave Brown as a new board director to lead its expansion in systems integration and managed services.

Brown joins from Accenture, where he was a senior partner and led the sys-

tems integration business for the communications, media and high technology sectors.

EMED Mining

The Aim-quoted mining development and exploration company has hired Roger Owen Davey as a non-executive director.

Davey, aged 64, is a chartered engineer with over three decades of experience in the mining industry.

He is currently an assistant director and the senior mining engineer at NM Rothschild in London, in the mining and metals project finance team, where he is responsible for assessing the technical risk of current and prospective project loans.