

REGION UK

THE FUTURE OF LONDON'S FINANCIAL INDUSTRY



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On October 13th 2016, the British Chamber of Commerce in Germany and its sustaining members Luther law firm and FrankfurtRheinMain GmbH welcomed about 80 guests to the conference titled: "The future of London's financial industry". The conference was held in The Church House Westminster and focused on the consequences the UK's EU referendum might have for London as it is by far the most important financial centre in the EU.

Andreas Meyer-Schwickerath, the Managing Director of the British Chamber of Commerce in Germany and Frank Neumann, representative of the German Embassy in London, welcomed the audience and the speakers. The welcoming words were mainly led by outlining the uncertainty that prevails the actual situation. The introduction was followed by the panel discussion. Dr. Hermann Knott, partner of Luther law firm, moderated the discussion and introduced the panelists, which together represented a broad range of expertise and experience in the financial industry. The panel of speakers consisted of James Sproule, Chief Economist and Director of Policy for the Institute of Directors, Paul Farrelly, Member of Parliament, Eric Menges, CEO of FrankfurtRheinMain GmbH, Dr. Jens Zimmermann, Member of the German Parliament, Diederik



Zandstra, Senior Policy Director of British Bankers' Association and Burkard von Siegfried, Of Counsel of Luther law firm and former general representative of the Lloyd's of London German Office.

The initial questions were about London's strength and attractiveness as a financial centre. The answers underlined how much London has developed into a melting pot of expertise, diversity and quality without comparison in Europe. The panelists pointed out that the financial market in London today is outstanding. Burkard von Siegfried, who has been working in the insurance sector for decades, highlighted that London is still the leading global insurance hub. He also mentioned the potential loss of the European Passport, which was one of the most discussed topics during the evening due to its relevance for the financial industry.

The European Passport enables financial institutions to sell their products through all member states instead of seeking several licenses in each of them. The inapplicability of the European Passport to British financial institutions and the loss of the ability to access the single market might jeopardize London's position as the financial centre of Europe. The discussion became quite controversial, when Mr.



*Diederik Zandstra,
Hermann Knott, Paul Farrelly*

Eric Menges, Paul Farrelly, James Sproule

Jonathan Shaw

Knott asked if this special market in London could ever be replaced by another city in Europe. Paris, Dublin and Frankfurt were some of the alternatives discussed. But Paul Farrelly and James Sproule spoke in favor of London due to the business favorable British contract law. Diederik Zandstra was very keen to point out the unique ecosystem of expertise, which has developed over years and cannot be equally replaced by another city. However, Jens Zimmermann, member of the German Parliament emphasized the problem of restriction of free labor movement due to the exit of the European Union, which will impose serious problems to the financial market in London and also contains the risk of withholding exactly this expertise from it in the future.

In this context the discussion became quite lively as both, the member of the British-German Group as well as the Director of Policy of the Institute of Directors pointed out that the negotiations after Art. 50 TEU has been invoked, should not be maintained as a punishment nor as cherry picking, but in mutual appreciation. Talking about the alternatives to an EU membership it was made clear that a Swiss or Norwegian model is unlikely to be a solution for the UK. However, the panelists agreed on the fact that the market access for the UK has to prevail in some way. The majority of the participating panelists finally agreed on the fact that business in the remaining 27 European member states will continue to rely heavily on financing from the financial capital in London. Nevertheless, Eric Menges clarified, that the discussion is not about financial institutions wanting

to leave London but to be required to do so, due to the dependency on passporting rules. He underlines this argument with numbers that made clear, that passports are used very frequently by UK businesses to sell their products to the rest of Europe, but also vice versa. Therefore, also as an example of the activity that Frankfurt am Main is going to undertake after Brexit he mentioned that FrankfurtRheinMain GmbH is opening an office in London to answer all the questions related thereto. Asked about the consequences of Brexit James Sproule pointed out that a relocation is usually inconvenient for companies and only undertaken when unavoidable. Therefore, it would be important to ensure that London will still continue to end up with the most vibrant growth. Jens Zimmermann jumped in and complemented this thought by pointing out the danger of the abolishment of free movement of labor for an environment which attracts young people. In the end Paul Farrelly underlined the importance of the tech scene in London and pointed out that a successful development of this industry would be a crucial point for the future of London.

After the panel discussion Hermann Knott invited the audience to take part in the discussion and a lively conversation between speakers and guests continued which went on during the drinking reception afterwards.

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