



AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

The Hill Review – a step in the right direction, but the infrastructure must be there.

In March 2021, Lord Hill published his recommendations in terms of a review of the listing process in the UK. Never has it been more clear that we operate in a truly global market, so a disadvantageous regime when it comes to capital raising will do little to help support the UK as a financial hub. Understandably, his proposals have been broadly well received, and whilst there may be some key points that require further analysis – specifically how reducing free float requirements to such an extent may see volatility spike to levels that aren't productive for the issuer – the top line assessment is that an overhaul here would benefit the market, the capital raising process and indeed the professional services community, too.

Perhaps the proverbial elephant in the room here however is the fact that whilst the review addresses what can be done to make London a more attractive listing venue, it doesn't identify the limitations the domestic market finds itself under as a result of the back-end infrastructure. As registrars, we often find ourselves working furtively on the plumbing that sits at the heart of a market's infrastructure, yet never finds itself in the mind of the wider world.

It's always worth remembering that an IPO or placement requires a dovetailing of the Issuer and Investors with a number of intermediaries involved, with each performing a key function but relying on different systems to communicate instructions. As CREST registrars, we are at the frontline ensuring this entire process welds together seamlessly and as intended.

Significant advances in terms of automation will be required if Lord Hill's recommendations are to be adopted. That's far from insurmountable, but tackling the issue successfully will require a concerted effort from all parties involved. And whilst the tech savvy participants – of which there are many and I count Avenir amongst them – can play a critical role in delivering the necessary infrastructure upgrades. Regulators are likely to need to encourage all contributing parties to step up as not updating technology significantly has the potential to present systemic risk, something which isn't in anyone's interest. As we have seen first-hand in recent months, there can be a degree of inertia from legacy players when it comes to making things better, along with passing what could be considered unfair charges on to issuers to fund what many would take as ongoing business improvement costs.



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For our part, we continue to invest in our technology to support the primary markets. Our aim is to make the issuer, intermediary and securities holders experience seamless by application of technology, yet retain the human interface where it matters most; providing our experience to handle complexities. Such complexities can arise when issuers seek cross border capital raising, which is just a reality of the primary capital markets.

The Hill review has potential in so many ways. Not only can it make London a more attractive proposition for those global players seeking an IPO venue, but it also has the potential to turbo-charge prospects for retail investors, too. The narrative may all be about building back better as we start to emerge from the COVID pandemic, but proper execution of innovations like this has the scope to provide a genuine legacy.

Hardeep Tamana, Managing Director, Avenir Registrars

Hardeep Tamana has over twenty five years of financial markets experience, working with a number of the largest banking and stockbroking firms. Holding a PhD in geochemistry from Manchester University, Hardeep has also developed a number of next-generation tools for financial services, including proprietary share screening software. Hardeep speaks four languages, served for eight years as CEO of a UK stockbroking firm and brings a wide range of leadership, technical and markets expertise to Avenir Registrars

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