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FOREWORD

FROM CHRIS CUMMINGS CHIEF EXECUTIVE, THECITYUK

London and the wider UK is currently rated as one of the leading global financial centres. The UK's trade surplus in financial services of \$71bn in 2013, was more than twice the next largest trade surpluses recorded by the US, Luxembourg and Switzerland. The UK has the leading share of trading in many international financial markets such as cross border bank lending (17%), interest rates OTC derivatives turnover (49%), international insurance premium income (22%) and foreign exchange trading (41%). It is also a global leader in providing professional services.

The stability, transparency, fairness of treatment of all parties and skills base are just some of the factors which give the UK its advantages. The UK's major competitors include New York, Hong Kong and Singapore, the latter two gaining advantage recently from the shifting global trade patterns. At the next level, a series of international financial centres have also made progress in recent years. Examples such as Tokyo, Shanghai and Toronto are being joined by the likes of Moscow, Istanbul and Dubai as they seek to develop their offerings, often with the assistance of UK-based firms and their expertise, through TheCityUK's network of international relationships. This is not a zero sum game. The growth of emerging international financial centres may increase their market share, but at the same time this will grow London's business volumes. The interdependent network of centres provides new opportunities and will both reflect and enable major global business needs.

The UK enjoys a clear competitive advantage in financial and related professional services but we need to make sure that this competitive advantage is not lost. It is therefore vital to promote the UK as a place to do business, which in turn will continue to bring jobs and growth across the country. This Key Facts report serves as a reminder of why the UK's leading global position in international financial markets should be valued and supported.

An important and necessary step forward in recognising the value of the industry came with the creation of the Financial Services Trade and Investment Board (FSTIB) in 2013. The FSTIB brings HM Treasury, UKTI, FCO, BIS and TheCityUK together to identify trade and investment priorities and to support UK based firms in pursuing these vigorously across the globe. FSTIB projects so far include 'Investment Management', 'Renminbi Trading', the 'Insurance Growth Plan', 'Islamic Finance', and 'Financial Services in EU Trade Policy'. We look forward to continuing to work with the Government, our members and the wider financial and related professional services industry to extend the promotion of the sector in international markets.



KEY FACTS

FINANCIAL SERVICES

The UK is the leading exporter of financial services across the world. Its trade surplus of \$71bn in 2013, was more than twice the next largest trade surplus recorded by the US.

BANKING

The UK has the **fourth largest** banking centre globally. It is also the largest centre for cross-border bank lending with 17% of the outstanding value. London is the home to over 250 foreign banks – more than the nearest rivals New York, Paris or Frankfurt.

The UK accounts for 41% of global foreign exchange trading. Twice as many US dollars are traded in the UK than in the US, and more than twice as many euros are traded in the UK than in all the euro-area countries combined.

INSURANCE

The UK insurance industry is the largest in Europe and third largest in the world. The London Market has a leading, 22% share of global marine insurance premiums. It also accounts for around 10% of global reinsurance.

EQUITY & BOND MARKETS

Over 500 foreign companies in London (listed on the Main Market of the London Stock Exchange and quoted on AIM) is more than the number listed on the NYSE and Nasdaq. The UK has the highest equity market capitalisation in relation to GDP of the largest countries.

FUND MANAGEMENT

UK assets under management totalled a record £5.4 trillion in 2012, the second largest in the world. Around a third of this was managed on behalf of foreign clients. UK's pension assets account for around 10% of global pension assets.

London's 18% share of global hedge fund assets has doubled over the past decade. The UK is also the leading European centre for management of sovereign wealth funds and private equity funds.

DERIVATIVES

The UK remains the leading derivatives centre worldwide accounting for nearly half of trading in interest rates OTC derivatives. Major derivatives exchanges located in London account for around 15% of global trade in commodities.

London is also a leading centre for bullion markets and brokers operating in energy and carbon markets.

\$71_{bn}

The UK's financial services trade surplus of \$71bn in 2013 was more than twice the next largest trade surplus recorded by the US

41%

The UK accounts for 41% of global foreign exchange trading



UK assets under management totalled a record £5.4 trillion in 2012

MARITIME SERVICES

The UK is the leading centre in the supply of a broad range of professional and business services to the global maritime community. Shipbrokers in London perform a key global role in matching ships and cargoes.

ISLAMIC FINANCE

The UK is the leading Western country and Europe's premier centre for Islamic finance with \$19bn of reported assets. Institutions in the UK have been providing Islamic financial services for over 30 years.

RELATED PROFESSIONAL SERVICES

LEGAL SERVICES AND DISPUTE RESOLUTION

London is one of the leading global centres for legal services. The UK is the largest market in Europe generating around a fifth of European law firms' fee revenue, and 7% of global law firms' fee revenue. Three of the largest five global law firms, based on headcount, are headquartered in the UK. There are over 200 foreign law firms with offices in the UK.

With over 4,600 international arbitration and mediation disputes resolved annually, London is the global leader in commercial dispute resolution.

ACCOUNTING AND MANAGEMENT CONSULTING

The UK occupies a key position in the delivery of accounting services worldwide with many of the largest global firms headquartered there.UK professional institutions have developed a key role in the development of accounting skills throughout the world with an overseas membership of nearly 120,000, over a third of their total membership of 424,000.

Management consulting has been one of the fastest growing industries in the UK in recent years. The UK has become Europe's leading centre for management consulting generating some 13% of global fee revenue. A key feature of management consultancy in the UK is the concentration of activity amongst a few large and medium sized international firms at one end of the scale and a large number of smaller firms at the other end.

EDUCATION AND TRAINING

Professional institutions in the UK collectively have a membership of around 1 million, of whom nearly a fifth are from overseas.

The UK is the leading Western country and Europe's premier centre for Islamic finance with \$19bn

of reported assets

CENTRAL ROLE OF LONDON AND THE UK IN THE GLOBAL ECONOMY

The UK is a major global hub for international wholesale finance. Within the UK, the importance of London is core to its international position but other cities such as Edinburgh and Glasgow in Scotland; Birmingham, Bristol, Leeds, Liverpool, Manchester, Norwich, Reading and Sheffield in England; Cardiff in Wales; and Belfast in Northern Ireland are also important financial centres.

UK, the leading exporter of financial services across the world The UK's financial services trade surplus of \$71bn in 2013 was more than twice that of the next largest trade surpluses recorded by the US and Luxembourg.

The UK's major trading partners include the US, EU Member States and other advanced economies, such as Switzerland, Japan, Australia and Canada. These are followed by emerging economies such as Russia, Taiwan and Saudi Arabia, as well as trade with other international financial centres such as Hong Kong and Singapore. The volume of trade with emerging economies has great potential for growth.

LARGEST GLOBAL NET EXPORTERS OF FINANCIAL SERVICES



The UK has a strong record in managing financial and professional business from developed economies. Developing economies also require financial services to achieve further progress in building their industries, providing infrastructure and supporting their citizens. The UK has been able to support them through its leading role in many international financial markets as highlighted below:

FINANCIAL MARKETS SHARE BY COUNTRY (%)

	UK	US	Japan	France	Germany	Singap.	H.Kong	Others
Cross-border bank lending (Sept 2013)	17	10	11	9	9	3	4	37
Foreign exchange turnover (Apr 2013)	41	19	6	3	2	6	4	19
Exchange-traded derivatives, number of contracts traded (2012)	7	34	2		8		1	48
Interest rates OTC derivatives turnover (Apr 2013)	49	23	2	7	4	1	1	13
Marine insurance net premium income (2012)	22	5	8	4	5	1	1	54
Fund management (as a source of funds, end-2012)	8	45	7	3	2		1	34
Hedge funds assets (end-2013)	18	65	2	1		1	1	12
Private equity - investment value (2012)	10	48	1	5	2	1		33



The UK's financial services trade surplus of \$71bn in 2013 was double that of the next largest trade surpluses recorded by Market leader US and Luxembourg.

UK SHARE OF FINANCIAL MARKETS (%)

	1992	1995	1998	2001	2004	2007	2010	2012	2013
Cross-border bank lending	16	17	20	19	20	18	18	18	17**
Foreign exchange turnover	27	30	33	31	32	37	37	-	41*
Exchange-traded derivatives	12	12	11	7	7	6	6	7	-
Interest rates OTC derivatives turnover		27	36	35	42	44	46	-	49*
Marine insurance net premium income	24	21	14	18	19	17	20	22	-
Fund management (as a source of funds)			8	8	8	9	8	8	-
Hedge funds assets				9	22	22	19	18	18
Private equity				6	24	17	21	10	-

*April 2013; ** September 2013

Source: TheCityUK calculations and estimates based on various sources

Rankings of global financial centres By any of the measures used by established indices such as the GFCI survey or Banker Magazine's annual rankings, London ranks first or second as a global international financial centre. The co-location of banking, insurance, fund management, securities, derivatives, foreign exchange expertise and human talent and capacity all combine with market infrastructure to support London. If legal services, accountancy, management and strategic consultancy, public relations and other related professional services are included, a fuller and truer picture emerges which shows London consistently ranked at the top.

London was ranked second in the March 2014 GFCI survey of international financial centres. Previously, it has tended to be consistently ranked first and New York a close second. Both are now being chased by Hong Kong and Singapore. London has come out on top in the 2013 Banker Magazine's annual rankings of international financial centres.

GFCI

New York 786 London 784 Hong Kong 761 Singapore 751 Source: Z/Yen Group

The number of financial centres seeking international business is growing. While London and New York are long established international financial centres, new Asian centres such as Singapore and Hong Kong have evolved into well-developed regional hubs. The two latter centres have used London as a model and are based firmly on UK practices and principles. At the next level, there are a series of regional hubs, including Tokyo, Shanghai, Toronto, Moscow, Istanbul and Dubai.

There are also specialist hubs and local centres which have a strong but more limited international footprint such as Geneva/Zurich, Sao Paulo, Johannesburg, and Mumbai. A well-targeted specialist local or regional offer can bring success for emerging international financial centres as they seek to develop niches or provide a particular set of

The Financial Services Trade and Investment Board (FSTIB)

FSTIB has brought together the UK Government with industry to identify opportunities for growth across the UK financial services industry. It has been set up to share skills and expertise on a number of campaigns with specific objectives to enable growth on a sector by sector basis and to support UK firms in pursuing these projects across the world.

FSTIB and its associated working group are made up of a broad set of stakeholders. The Board is chaired by HM Treasury and meets four times a year.

Members of the Board include senior officials from HM Treasury, The Department of Business, Innovation and Skills and the Foreign and Commonwealth Office. UKTI sit on the board as a key delivery partner and TheCityUK acts as the representative of industry offering strategic advice and guidance as well as significant delivery capacity and capability.

The first projects identified by the Board include Investment Management, Renminbi Trading, the Insurance Growth Plan, Islamic Finance, and Financial Services in EU Trade Policy.

To ensure the UK is able to compete in the global race it is vital to encourage growth in all sectors of the UK economy, create an attractive market for inward investment and promote external trade in the financial services industry.

FSTIB aims to make the UK the most attractive place to do business. Through its various stakeholders and experts, the Board will support UK businesses in reaching their potential for international growth and promote the UK as the leading centre for financial services.

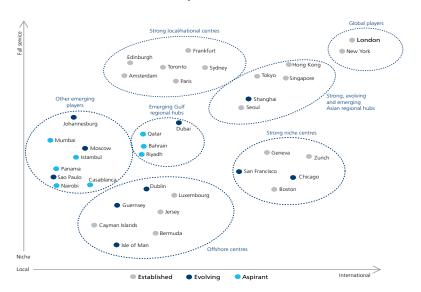
www.fstib.com

products. For example Dublin and Luxembourg have defined their business by successfully pursuing a focussed strategy.

Regional and specialist international financial centres have challenged larger ones to be more innovative and to respond to competitive dynamics. Part of that constant challenge to remain competitive comes from a re-definition of the basis of competitive advantage. It used to be that factors such as location relative to time zones, language, rule of law and culture were component parts of the competitive offering. They remain important but are no longer the full story. Regulatory and supervisory coherence, tax policy, deep pools of talent, and political recognition and support are also part of the mix and may, over time, create a differentiated momentum. As global trade and investment grows in new directions, international financial centres will adapt to reflect new needs and opportunities.

Working with other financial centres has helped develop the international networks of UK-based firms allowing them to expand their international business. In return, the UK has provided access to its markets and expertise for overseas companies, and has acted as a template for many developing centres. This is helping to build a stronger, more stable and more prosperous global economy.

KEY FINANCIAL CENTRES, TODAY AND TOMORROW



Source: TheCityUK based on Citi, Oliver Wyman and Z-Yen

Factors underpinning London's status as an international financial centre

- an independent regulatory environment that is fair, transparent, proportionate and consistent:
- a business climate that facilitates new products and ideas;
- a fiscal policy that is certain, clear and competitive;
- easy access to markets internationally for both trade and investment;
- a tradition of welcoming foreign firms. Altogether, there are over 1,400 financial services firms in the UK that are majority foreign-owned, from around 80 countries;
- concentration of financial institutions. London has more foreign banks than any other centre. These banks employ around 160,000 people, 40,000 of whom have a foreign passport;
- high quality professional and support services;
- a highly regarded and impartial legal system based on common law. Common law tends to be more flexible in responding to the development of financial services and is the prime reason why over half of the world's commercial contracts are governed by English law and why the UK is a global leader in both judicial and non-judicial dispute resolution;
- focus on soft infrastructure, including market infrastructure, the exchanges, data management, telecommunications, and security, and hard infrastructure relating to connectivity, transport and accommodation;
- a skilled and diversified labour force:
- a consistent, politically neutral legal system that is widely used and understood globally;
- a central geographical location between the US and Asian timezones allowing London to work virtually around the clock.

INTERNATIONAL FINANCIAL MARKETS IN LONDON AND THE UK

1. BANKING

Indicators of the UK's strong international position include:

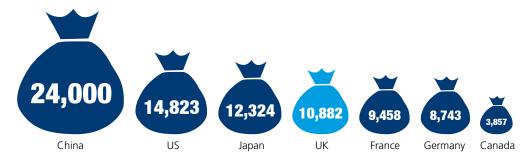
Size of the industry UK banking sector assets are the fourth largest in the world. International banks hold nearly half of the UK's banking sector assets, while UK owned banks have over half of their assets outside the country.

Cross border banking The UK is the largest centre for cross-border banking with 17% of the outstanding value of international bank lending in September 2013. It was also the largest centre for cross-border borrowing (18%). London has 251 foreign banks. This is higher than nearest rivals New York, Paris or Frankfurt.

Private and investment banking London is one of the most important centres for private and investment banking. Around a half of European investment banking activity is conducted in London.

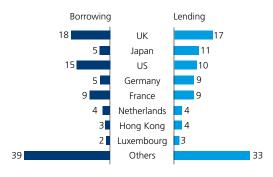
LARGEST BANKING CENTRES

assets, \$bn, 2012/13



INTERNATIONAL BANK LENDING

% share of total, September 2013



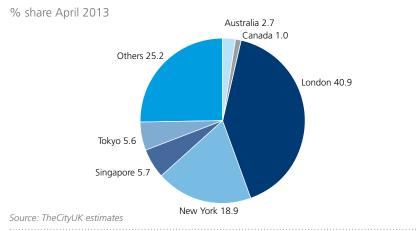
Source: BIS

250

London has over 250 foreign banks. This is higher than nearest rivals New York, Paris or Frankfurt.

The UK accounted for 41% of global foreign exchange trading in April 2013, well ahead of the US (19%), Japan (6%) and Singapore (6%). The bulk of the UK's daily turnover averaging \$2,726bn in April 2013 was transacted in London. Twice as many US dollars are traded on the foreign exchange market in the UK than in the US. More than twice as many euros are traded in the UK than in all the euro-area countries combined.

FOREIGN EXCHANGE TRADING



2. INSURANCE

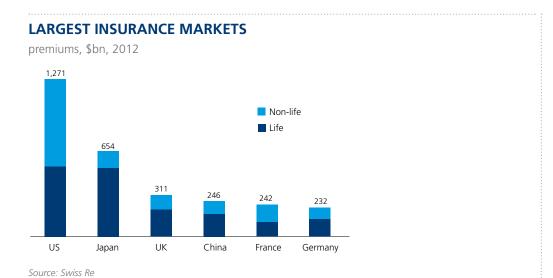
The UK Insurance industry is the largest in Europe and third largest in the world. It consists of insurance companies, the Lloyd's market, intermediaries, and various specialist support professions and services.

The London Market is a distinct, separate part of the UK insurance and reinsurance industry based in central London. It consists mostly of general insurance and reinsurance and predominantly involves high exposure risks. The London Market is the world's leading market for internationally traded insurance and reinsurance. It is the only place where all of the world's twenty largest international insurance and reinsurance companies are active.

The UK insurance market's strong international position is indicated by:

- The UK is the largest source of both insurance funds and pensions in Europe.
- UK companies feature prominently in rankings of the world's largest insurance companies.
- The 22% marine insurance premiums transacted on the London Market in 2012 was higher than in any other country. London accounts for around a 10% share of total world reinsurance.

The UK accounted for 41% of global foreign exchange trading in April 2013.



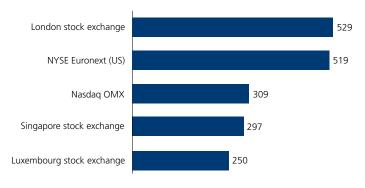
3. EQUITY AND BOND MARKETS

Equity markets London's importance as a centre for global equity trading is illustrated by:

- The 529 foreign companies in London (listed on Main Market and quoted on AIM) accounting for a fifth of the global number of foreign listings, ahead of the NYSE (519) and Nasdaq (309).
- Its 9% share of IPOs by value in 2013.
- Its 7% share of the global equity market capitalization and 5% of turnover.
- The UK having the highest equity market capitalization in relation to GDP of the largest countries with 174% at the end of 2013.

LONDON'S SHARE OF INTERNATIONAL EQUITY MARKETS

Number of foreign companies, 2013



Source: World Federation of Exchanges

529 foreign companies quoted in London.

Bond markets The UK's substantial domestic market in bonds is complemented by London's continuing role as a major centre for issuance and the trading of international bonds. The outstanding value of international bonds in the UK totalled around £3.5 trillion at the end of 2012, some 16% of the global total and second only to the US. Eurobonds account for around three-quarters of this. London is the leading centre for international bond trading with an estimated 70% of secondary market turnover.

4. FUND MANAGEMENT

The UK is one of the largest markets in the world for fund management along with the US and Japan. UK assets under management totalled a record £5.4 trillion in 2012. The UK fund management sector has a strong international orientation reflected in: the institutional presence of a broad mix of UK and foreign firms; the investment of over a quarter of institutional clients' portfolios in overseas securities and; management on behalf of overseas clients of funds totalling around £2.0 trillion.

Some of the key aspects of the UK's international position include:

- **Pension fund assets** UK's pension assets accounted for 10% of global pension assets in 2012. This was well ahead of other European countries and was only exceeded by the US which has a much larger population. The UK is in a group of countries with the highest ratio of pension assets to GDP.
- Mutual funds Nearly \$1,000bn is managed by UK mutual funds.
- **Insurance funds** The UK insurance industry has the third largest funds under management after the US and Japan.
- Overseas clients The £2.0 trillion managed on behalf of overseas clients in the UK cannot be directly compared with any other centre, but is unlikely to be exceeded by any other country other than the US.

CONVENTIONAL INVESTMENT MANAGEMENT ASSETS

\$bn, end-2012	Pension funds	Insurance assets	Mutual funds	Total conventional	% share
US	18,914	7,689	13,045	39,648	46
UK	3,304	2,984	986	7,274	8
Japan	1,582	4,200	738	6,520	8
France	237	710	1,473	2,420	3
Germany	210	1,499	328	2,037	2
Others	9,653	8,481	10,267	29,301	33
Total	33,900	25,563	26,837	87,200	100

Source: TheCityUK estimates based on UBS, OECD, SwissRe, Investment Company Institute data

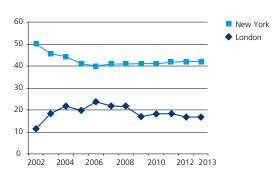


The outstanding value of international bonds in the UK totalled around £3.5 trillion at the end of 2012.

Hedge funds London is the second largest centre for hedge fund managers after New York. London's 18% global share was more than double its share ten years earlier. The UK remains by far the largest centre for hedge funds in Europe. Around 800 funds located in the UK in 2013 managed some 85% of European based hedge funds' assets. The UK is also the leading centre for hedge fund services such as administration, prime brokerage, custody and auditing.

TOP HEDGE FUND CITIES





Source: TheCityUK estimates

Sovereign wealth funds The UK and London in particular is an important centre for SWFs as a clearing house and location where some of these funds are managed. A number of large SWFs such as the Kuwait Investment Authority, Brunei Investment Agency, Abu Dhabi Investment Authority and Temasek/General Investment Corporation of Singapore have local representative offices in London.

The UK has also been a major recipient of SWF investment in recent years, accounting for around one-sixth of global SWFs' direct investments since 2005. The financial sector and other industries in the UK have a regulatory, competition and national security framework that ensures that all foreign investment, whether from a SWF or not, meets the appropriate criteria. The UK Government is committed to ensuring the UK remains an open and competitive market for international investment.

Private equity The UK private equity market is the most developed outside the US. Private equity funds based in the UK accounted for 10% of global investments and 6% of funds raised in 2012. London is the largest European centre for the management of private equity investments and funds. Over the past two decades, the UK private equity industry has invested over £200bn in around 30,000 firms worldwide.

800 funds

Around 800 hedge funds located in the UK in 2013 managed some 85% of European based hedge funds' assets.

PRIVATE EQUITY INVESTMENTS/FUNDS RAISED IN EUROPE

	Inve	Funds raised			
% share, 2012	Country of management	Country of destination	Country of management		
UK	43	28	56		
France & Benelux	20	22	21		
DACH*	16	23	11		
Nordics	11	14	7		
Southern Europe**	8	10	3		
CEE	2	3	2		
Total	100	100	100		

Source: PEREP_Analytics, EVCA *Austria, Germany Switzerland; ** Greece, Italy, Portugal, Spain. 49%

The UK remains the leading derivatives centre worldwide with a 49% share in 2013 of trading interest rates OTC derivatives.

5. DERIVATIVES TRADING

The UK remains the leading derivatives centre worldwide with a 49% share in 2013 of trading interest rates OTC derivatives. The US is the only other major location, with 23% of trading.

There are a number of derivatives exchanges operating in the UK:

NYSE Liffe, the leading exchange for trading in short term euro interest rates contracts.

London Metal Exchange, the biggest non-ferrous metals exchange in the world.

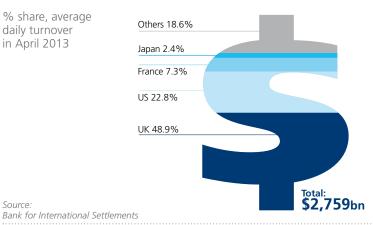
ICE Futures Europe, the largest regulated energy futures exchange in Europe, and the second largest in the world.

Turquoise Derivatives London, which offers trading of derivatives based on Pan-European and International Order Book equities.

CME Europe, the CME Group's first overseas exchange (subject to pending FCA application). NASDAQ OMX NLX, a new London based market for trading interest rate derivatives.

LOCATION OF OTC DERIVATIVES TURNOVER

% share, average daily turnover in April 2013



KEY FACTS REPORT | JUNE 2014

Source:

6. COMMODITIES TRADING

Major derivatives exchanges located in London account for around 15% of global trade in commodities. NYSE Liffe, Europe's biggest exchange for 'soft commodities'; London Metal Exchange, the leading global exchange for non-ferrous metals; and ICE Futures Europe, the biggest exchange for energy products in Europe. The UK is also home to a number of international commodity organisations such as the International Coffee Organisation, International Cocoa Organisation, The Grain and Feed Trade Association and International Sugar Organisation. London as the leading international financial centre benefits from being the preferred location for many international firms trading in commodities as well as investment banks and other financial institutions that trade in commodities derivatives.

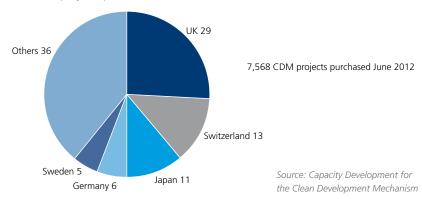
Bullion markets A large proportion of trading in precious metals takes place on the OTC market in London. The average daily volume of gold and silver cleared at the London Bullion Market Association (LBMA) in March 2014 was 18.9 million ounces (worth \$25.3bn) and 134.0 million ounces (\$2.8bn) respectively. London is also a leading centre for energy brokers operating in energy and carbon markets.

7. CARBON MARKETS

The UK is a leading global centre in carbon markets. It is lead investor in Clean Development Mechanism (CDM), accounting for 29% of all purchases of CDM projects, and with seven of the largest 13 buyers based in the UK. European Climate Exchange (ECX) based in London is dominant in the trading of EU ETS futures and options contracts. Trading on ECX is linked to the UK being a leading centre for energy brokers operating in the carbon market. Major verification agencies are based in the UK. The UK is also a key centre in the provision of equity finance to the renewables market, with 117 cleantech companies listed on the London Stock Exchange having raised £10bn in new equity finance.

COUNTRIES INVESTING IN CDM

% share of projects purchased, June 2012





The average daily volume of gold cleared at the London Bullion Market Association (LBMA) in March 2014 was 18.9 million ounces (worth \$25.3bn)

8. MARITIME SERVICES

The UK is the leading centre in the supply of a broad range of professional and business services to the global maritime community, that are largely concentrated in London:

- The 200 shipbroking firms generated net exports of £840m in 2011. Shipbrokers in London perform a key global role matching ships and cargoes, with Baltic members accounting for 50% of the tanker and 30- 40% of the dry bulk chartering business. They are also involved in the sale and purchase of over half the world's new and second hand tonnage.
- Trading of Forward Freight Agreements (FFAs) by shipbrokers in the OTC derivatives market fell by nearly a half from the peak in 2008 to around 1.15m in 2012.
- With 21% of premiums in the international marine insurance market, the UK remains the leading centre. P & I Clubs operating in London account for 61% of the global market.
- In ship finance, total commitments of \$40bn of over a dozen banks based in the UK accounted for 9% of the world loan book of \$422bn at end-2012.
- Lloyd's Register is the second largest ship classification society in the world, accounting for 18% of the world fleet.
- London is the leading centre in legal services involving over 40 law firms. English law is the most widely applied to shipping disputes.

INTERNATIONAL MARKET SHARE OF UK MARITIME SERVICES

% share, 2011

Ship finance 9%
Insurance - underwriting 21%
Insurance - P&I Clubs 61%
Lloyd's Register 18%
Shipbroking (estimates)
- Tanker chartering 50%
- Dry bulk chartering 30-40%
- Second hand tonnage 50%

Source: International Union of Marine Insurance; Lloyd's Register; Baltic Exchange; & TheCityUK estimates

200

The 200 shipbroking firms generated net exports of £840m in 2011.

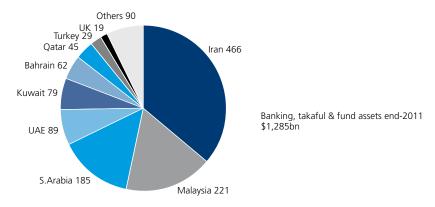
9. ISLAMIC FINANCE

The UK is the leading Western country and Europe's premier centre for Islamic finance with \$19bn of reported assets, largely based on HSBC Amanah. London's profile as the leading Western centre for Islamic finance has grown in recent years, although institutions in the UK have been providing Islamic financial services for 30 years. An important feature of the development of London and the UK has been supportive government policies intended to broaden the market for Islamic products. Key features of the UK Islamic finance industry include:

- Around 20 banks, of which six are fully Sharia compliant, more than in any other Western country.
- The London Stock Exchange is a key global venue for the issuance of sukuk. To date over US\$34 billion has been raised through 49 issues of these alternative finance investment bonds on the London Stock Exchange. Seven exchange traded funds and two exchange traded products are also quoted on the London Stock Exchange.
- Around 25 law firms supplying services in Islamic finance.
- Use of Islamic finance for major infrastructure projects in London such as the Shard of Glass and redevelopment of Chelsea Barracks.
- Advisory services provided by the largest four professional services firms.
- Qualifications in Islamic finance offered by four professional institutes and at least 16 universities and business schools.

GEOGRAPHIC BREAKDOWN OF ISLAMIC FINANCE

\$bn, end 2011



Source: The Banker



ROLE OF LONDON AND THE UK AS A GLOBAL PROVIDER OF PROFESSIONAL SERVICES

1. LEGAL SERVICES AND DISPUTE RESOLUTION

London is a major centre in the marketplace for international legal services, with the globalisation of business and capital markets having strengthened its position in recent years. The UK accounts for around 7% of the global market for legal services. It is the largest market in Europe generating around a fifth of its fee income. The strong position of international law firms in London is reflected in:

- Three of the largest five Global 100 firms, based on headcount in 2012/13 were headquartered in the UK. In terms of gross fee revenue, UK firms held four of the top ten places.
- The largest international law firms in London have between 45% and 65% of their lawyers based outside the UK and many other London-based firms have between 10% and 20% of lawyers overseas. Typically US firms have less than a quarter of lawyers outside the US. The number of solicitors from England and Wales located abroad exceeds 6,000.
- The largest international law firms in London are leading advisers in deals taking place in international capital markets.

The UK is very open in allowing virtually unrestricted access for foreign firms. There are over 200 foreign law firms with offices in the UK. Around a half of these are from the US, with the reminder mainly from Europe, Australia and Canada.

The strength of London as an international centre for legal services is reinforced by the expertise of barristers involved in international practice. Over 1,200 members of the Commercial Bar Association, and many members of other Specialist Bar Associations practice in the field of international commercial law, with many cases heard in the Commercial Court, the Chancery Division and the Technology and Construction Court.

LARGEST LAW FIRMS IN THE WORLD

2012/13	Headquarters	Gross revenue \$m	Number of lawyers
DLA Piper	International	2,440	4,036
Baker & McKenzie	International	2,313	4,004
Latham & Watkins	National (US)	2,226	2,033
Skadden, Arps, Slate, Meagher & Flom	New York	2,210	1,735
Clifford Chance	London	2,066	3,017
Kirkland & Ellis	Chicago	1,938	1,544
Freshfields Bruckhaus Deringer	London	1,936	2,332
Linklaters	London	1,895	2,509
Allen & Overy	London	1,887	2,700
Jones Day	National (US)	1,716	2,357
Hogan Lovells	International	1,633	2,700
Sidley Austin	Chicago	1,490	1,636
White & Case	International	1,384	1,947
Norton Rose*	London	1,334	2,660
Herbert Smith Freehills	London	1,312	2,323

Source: Legal Business

*Norton Rose merged with US law firm Fulbright & Jaworski in June 2013, forming Norton Rose Fulbright.

1,200

Over 1,200 members of the Commercial Bar Association, and many members of other Specialist Bar Associations practice in the field of international commercial law.

Dispute resolution in London and the UK All over the world, there are courts, arbitrators and mediators. But with over 4,600 international arbitration and mediation disputes resolved in the UK in 2012, London is the global leader in commercial dispute resolution, whether for the purpose of litigation or for dispute resolution through arbitration or mediation. Many organisations in London facilitate the resolution of disputes between international parties, while extensive arbitration and mediation services have been developed to resolve disputes throughout the UK. Disputes can involve parties in a wide range of trades and sectors, including maritime, commodities, financial services and construction.

Main international dispute resolution organisations in the UK include: London Court of International Arbitration (LCIA), International Chamber of Commerce (ICC) International Court of Arbitration, The London Maritime Arbitrators Association, The Centre for Effective Dispute Resolution (CEDR) and Lloyd's Open Forum.

The biggest dedicated business, property and commercial court in the world was opened in 2011. Commissioned and administered by Her Majesty's Courts and Tribunals Service, the new Rolls Building is one of the most significant new court building projects since the nearby Royal Courts of Justice were opened in 1882. The Rolls Building is a purpose-built, one-stop courthouse with 31 courtrooms. Three of these are 'super-courts', spacious and flexible enough to cope with the most demanding multi-party litigation. There are also 55 conference rooms available for use by litigants and their advisers.

2. ACCOUNTING SERVICES AND MANAGEMENT CONSULTANCY

Accounting services The UK occupies a key position in the delivery of accounting services worldwide with many of the largest global firms headquartered there. Net exports from UK accounting services totalled £652m in 2012. UK professional institutions have developed a key role in the development of accounting skills throughout the world with an overseas membership of nearly 120,000, over a third of their total membership of 424,000. The 300,000 members of accounting profession, and over 7,400 registered accounting firms in the UK, have a key role in the management of businesses, large and small, and other organisations in the voluntary and public sector. Over a third of board members in listed companies are chartered accountants.

Management consulting has been one of the fastest growing industries in the UK in recent years. A key feature of management consultancy in the UK is the concentration of activity amongst a few large and medium sized international firms at one end of the scale and a large number of smaller firms at the other end.



The UK and Germany are the largest markets in Europe, accounting for 13% and 12% of the world market respectively. Net exports from UK management consultancy services totalled £5.5bn in 2012.

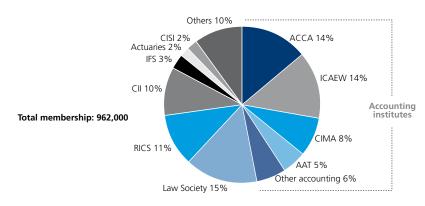
3. FINANCIAL SERVICES EDUCATION AND TRAINING

A range of UK organisations provide education and training in financial services internationally:

- Professional institutions collectively have a membership of 962,000 of whom 186,000 are overseas. These institutions cover a range of disciplines in financial and related professional services including banking, insurance, capital markets, accountancy, law and dispute resolution.
- Universities and business schools which have a key role in attracting foreign students to the UK. The UK accounted for 13% of 4.3 million international students being educated at the tertiary level in a country other than their home country in 2011. This was second only to the US.
- Specialised training services from a variety of providers including exchanges, specialist training firms and industry associations.

UK PROFESSIONAL INSTITUTIONS MEMBERSHIP

Thousands of qualified members



Source: Institutes

13%

The UK accounted for 13% of 4.3 million international students being educated at the tertiary level in a country other than their home country in 2011. This was second only to the US.

THE UK – A LEADING GLOBAL CENTRE FOR INTERNATIONAL FINANCIAL AND RELATED PROFESSIONAL SERVICES



The UK is the leading exporter of financial services across the world with a trade surplus of \$71bn in 2013



The UK has the fourth largest banking centre globally



The UK accounts for 41% of global foreign exchange trading. Twice as many US dollars are traded in the UK than in the US



500

Over 500 foreign companies in London (listed on the Main Market of the London Stock Exchange and quoted on AIM) is ahead of the NYSE and Nasdaq



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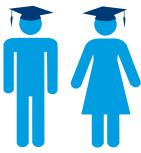
The UK insurance industry is the largest in Europe and third largest in the world



UK assets under management totalled a record £5.4 trillion in 2012, the second largest in the world. UK's pension assets account for around 10% of global pension assets



London is the second largest global centre for legal services. Three of the largest five global firms, based on headcount, are headquartered in the UK



Professional institutions in the UK collectively have a membership of around 1 million, of whom nearly a fifth are from overseas



KEY FACTS ABOUT UK FINANCIAL AND PROFESSIONAL SERVICES

The information in this report is drawn from a wide range of statistical sources and reports, compiled and published by TheCityUK. The research provides a comprehensive overview of trends and issues in financial and related professional services. In particular TheCityUK research seeks to highlight the important contribution of financial and professional services to the UK economy and to raise awareness of the role of the UK in international financial markets.

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