{ CAPITAL MARKETS AND FUNDING }

REFINANCING GATHERS PACE IN EUROPE

The pace of company refinancing in Europe is accelerating and activity is set to peak during the next 18 months.

This is the key finding of the third edition of Debtwire Europe's *Distressed Debt Market Outlook Survey*, produced in association with law firm Freshfields Bruckhaus Deringer and strategy consultancy Roland Berger.

Overall, 46% of borrowers expect that more than €1 trillion in debt will come up for refinancing over the next three years, compared with 33% of lenders who expect at least €1 trillion in debt to hit the market.

According to the research, high-yield funds are soaking up record amounts of issuance in loan-to-bond refinancings. Meanwhile, newly set-up alternative credit funds and some private equity groups are stepping into the growing financing breach in the mid market.

But despite ceding significant ground, banks remain a key source of financing.

"The maturity wall has been partially dismantled, but a sizeable volume of debt remains to be refinanced over the next couple of years," said Robert Schach, managing editor of Debtwire Europe. "The European high-yield market looks insatiable right now and able to offset a dwindling bank and collateralised loan obligation market, but Europe's anaemic growth and another sovereign blow-up could still usher in a fresh bout of risk aversion."

Read about the refinancing of Arqiva on page 48

{ KEY FINDINGS OF THE THIRD EDITION OF THE DEBTWIRE *DISTRESSED DEBT MARKET OUTLOOK SURVEY* 2013 }

of borrowers expect the market conditions for refinancing to be optimal in the second half of 2013, while nearly half expect conditions to be superior in 2014

The percentage of those borrowers who anticipate that their funding will increasingly be sourced from the bond market

42%

24% of lender respondents cited financial services plus property and construction as the sectors expected to account for the bulk of upcoming refinancing

26% of lenders surveyed think default rates will stay the same over the next 12 months, while 24% expect them to increase. Meanwhile, half anticipate a decline in default rates

38% of lenders say that Germany will account for the largest share of refinancing

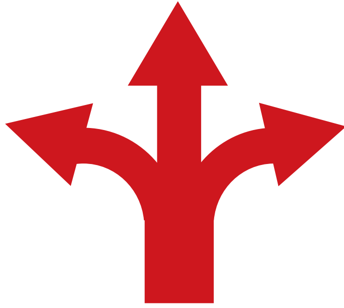
{ AROUND THE WORLD IN 30 DAYS }

SKILLS, SITES AND SHARED SERVICE CENTRES

Finance talent is in short supply
Skilled financial services professionals are in short supply, new research from Robert Half suggests. Nearly nine in 10 (89%) of financial services executives surveyed across seven countries find it either 'somewhat' or 'very' challenging to find good people. Talent shortages are especially acute in Hong Kong, where 95% of respondents cited difficulties. Meanwhile, 83% of institutions in Canada, France, Germany, Hong Kong, Singapore, the UK and the US are either 'somewhat' or 'very' concerned about losing top performers to other opportunities.

Businesses dissatisfied with SSCs
Shared service centres (SSCs) often fail to live up to businesses' expectations, research from SunGard reveals. A study by the technology company found that 40% of respondents with businesses that are serviced by an SSC felt that their SSC was not meeting its service level agreement, with 3.4% of respondents from within SSCs saying this was a problem. Meanwhile, a third (36.5%) of the respondents whose businesses are supported by an SSC say that they are dissatisfied with service level results.

Indirect tax heads are based in the UK or Germany
Global heads of indirect tax are more likely to be based in the UK or Germany than in any other country, according to new research by KPMG. A survey by the Big Four firm found that 64% of international tax executives do not have a global head of indirect tax working for them. But where global heads of indirect tax do exist, the UK is the most popular location for them, with 37% working there, followed by 17% in Germany, 12% in the US and 6% in Switzerland.



{ CAREER }

FINANCE IS THE BEST ROUTE TO CEO

Finance professionals are more likely to become the CEO of a FTSE 100 company than executives from any other background.

This is the key finding of the annual Robert Half FTSE 100 CEO Tracker. According to the tracker, over half (52%) of current CEOs have an accountancy or finance background compared with 21% who have a background in engineering/natural resources, 9% in retail/hospitality, 8% in marketing/advertising, 4% in technology and 6% in other sectors.

Meanwhile, 12% of CEOs moved from a previous finance role within their existing company, showing immediate progression from CFO or another finance role to the top job. Overall, 10 of the 18 CEOs who were new to the FTSE 100 between 2012 and 2013 had a finance background.

The average FTSE 100 CEO is aged 53 and male, and there are just three female leaders in the index. Meanwhile, the gender imbalance has stagnated with 17.3% of FTSE 100 board directors being female, down 0.1% from last year.

{ CORPORATE FINANCIAL MANAGEMENT }

CBI PUBLISHES STATEMENT OF TAX PRINCIPLES

The Confederation of British Industry (CBI) has published a statement of principles that outlines how companies should conduct their tax affairs.

It wants the principles followed by British businesses and all companies operating in the UK.

According to the principles, businesses should only engage in 'reasonable tax planning' that is aligned with commercial and economic activity and does not lead to 'an abusive result'. Businesses should also be open and transparent with HM Revenue & Customs about their tax affairs and provide all the relevant information that HMRC needs to review possible tax risks.

CBI director-general John Cridland said: "UK businesses make a huge tax contribution to the UK economy, paying £161bn this year – almost a third of total tax receipts. But companies need to do a better job of explaining their tax affairs to the public. We are encouraging all companies to explain why they pay what they do in a straightforward and accessible narrative, ideally on their website."

ON THIS DAY 15.09.08 LEHMAN FILES FOR BANKRUPTCY – ITS SHORT-TERM DEBT PLUNGES 87%

As the blue chip US investment bank Lehman Brothers files for bankruptcy, panic sweeps global financial markets. Investors question the value of assets as market liquidity evaporates, leaving many stranded with worthless holdings once seen as near cash. As the crisis unfolds, the values of trust and stability come to the fore, and every counterparty relationship comes under scrutiny.

In the wake of the crisis, LGIM's money market investment process attracts investors seeking a trust-worthy partner for their liquidity investments. As a long-term business built to serve the needs of conservative investors, LGIM's liquidity offering becomes one of the fastest growing in the market.

When the world changes, do you change with it?

Short-term investments require safe, stable, long-term partners.

LIQUIDITY MANAGEMENT

The LGIM liquidity offering is designed for institutional investors seeking an optimal solution for their cash management. We aim to deliver competitive returns with a high level of diversification, while focusing on capital preservation through portfolios of high quality, liquid assets.

Our cash capability is backed by one of the largest active fixed income teams in Europe. Altogether, more than 3,150 pension funds trust us to manage their assets (as at 31.12.12).

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