{ FINDINGS OF THE TAXAND GLOBAL CFO SURVEY 2012 }

THE STATS

83%
of European respondents have seen an increase in the number of tax audits undertaken by tax authorities

48%
Almost half of multinationals believe their expansion plans have been curbed by overzealous tax authorities

67%
of multinationals in Europe think global tax harmonisation is desirable, with 71% believing it's achievable in the next 5-10 years

70%
of European multinationals do not believe that economic turmoil can be resolved through tax policy

TAX

76%
agree that rising tax transparency and reporting measures have increased the cost of compliance

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{ CASH AND LIQUIDITY MANAGEMENT }

EUROPE PROPOSES BANKING UNION

In September the European Commission announced plans for a banking union that would give the European Central Bank (ECB) powers to oversee the 6,000 banks in the eurozone.

The proposal followed the introduction of the ECB's 'outright monetary transactions' programme, which will support troubled governments by buying their bonds.

According to the Commission, the ECB should have powers to grant and withdraw banking licences, assess acquisitions and disposals of holdings in banks, ensure compliance with capital rules, and inject funds.

A levy on the banks would cover costs.

The Commission also wants a pan-EU deposit guarantee scheme and a common resolution process for dealing with failing banks.

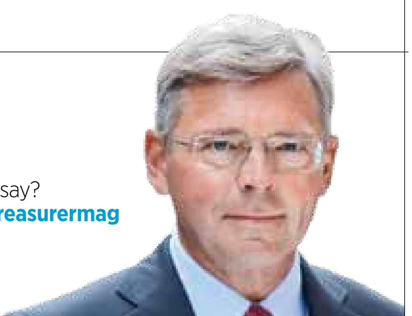
But the plan has to be backed by all 27 countries in the EU and some countries, including the UK, Germany and the Nordic countries, have concerns over its potential impact on their banks.

They are worried that the new banking union could strip capital from less well-off banks in non-eurozone countries, to the benefit of lenders in the eurozone. This is particularly so in Central and Eastern Europe, where 65% of banks are owned by financial institutions in the eurozone.

For more on Eastern Europe, see Emergency in the East, page 18

WHAT THEY SAID

What do you say?
Tweet **@thetreasurermag**



"I'd be worried if our customers should pay for weak banks in weak countries."
Christian Clausen, the Danish chief executive of Nordea, the Nordic region's biggest bank (pictured)

"The UK is host to the EU's main financial centre, and it is essential that it is not sidelined in the making of regulations that affect it more than other countries."
Anthony Browne, chief executive of the British Bankers' Association

{ AROUND THE WORLD IN 30 DAYS }

RATES AND REGULATION

IOSCO creates benchmark taskforce
The global standard-setter for securities, the International Organization of Securities Commissions, has created a special task force on financial market benchmarks that will be chaired by Martin Wheatley, managing director of the UK Financial Services Authority, and Gary Gensler, the chairman of the US Commodity Futures Trading Commission. The task force aims to develop global policy guidance and principles for benchmark-related activities for the benefit of market regulators. Members of the IOSCO board will also sit on the task force. Wheatley is leading the UK government's review of the future of Libor.

For more on Libor, see Technical briefing, page 10

Audit reform watered down
The EU has weakened plans to overhaul audit in large companies. Radical proposals by European commissioner Michel Barnier had included requiring companies to change their auditor every six years and introducing a cap on market share that would force the Big Four accountancy firms – PwC, Deloitte, KPMG and Ernst & Young – to split into audit and non-audit practices. But a draft report by the European parliament's legal affairs committee recommended that auditor rotation should take place only every 25 years and caps should be scrapped.

SEPA progress
More than 4,500 payment service providers (PSPs) in 32 countries were offering SEPA credit transfer (SCT) services by July 2012, the European Central Bank has revealed. PSPs delivering SCT services represent more than 95% of payment volumes in Europe, while the SCT transactions make up 28.2% of the overall volume of credit transfers. Meanwhile, nearly 4,000 PSPs, representing more than 80% of the volume of SEPA payments, have joined the SEPA direct debit core scheme.

DEALS OF THE YEAR 2013

{ AWARDS }

Lloyds Bank Wholesale Banking & Markets is proud to continue its support of *The Treasurer*'s Deals of the Year Awards

LLOYDS BANK

DEALS OF THE YEAR AWARDS ARE BACK

The Treasurer is delighted to announce that nominations for its 15th annual Deals of the Year Awards are now open. Over the coming months, we will be scouring Europe for the greatest treasury talent the continent has to offer. So if you have been burning the midnight oil this year, racking up the hours on that big bond issuance or major refinancing – perhaps even on an important acquisition – don't be modest, tell us all about it.

We will make awards in the following categories: corporate finance, bonds, liability management, UK large loans, European large loans, mid-market loans, team of the year (large) and team of the year (mid-market). Then there is the ultimate prize, the holy grail of treasury: overall deal of the year.

In previous years, we have reviewed deals from countries including Spain, Finland, Italy, Poland and the UK, with deal sizes varying from $25m to $45bn. In each category, we consider all types of deal, whatever their size or complexity, and judge them according to our criteria of sound treasury management, efficient pricing, optimal and innovative structures, and relative success in the prevailing market conditions. The team awards recognise treasury teams' considerable and enduring contributions to their companies.

Winners will be announced at the Deals of the Year Awards Dinner in February 2013, and their feats will be written up in the February 2013 issue of *The Treasurer*.

Treasurers, as well as their banks and advisers, are encouraged to nominate as many deals as they wish and ensure they get their nominations in before the deadline of 2 November. If you read this magazine you're a potential winner. So what are you waiting for?

To enter the awards, or for more information, go to: www.treasurers.org/awards

2012 champions

Here's a reminder of the achievements of the 2012 Deals of the Year winners:

Overall winner and winner of bond category:

NATIONAL GRID

Utility company National Grid raised £260m in September 2011 by issuing a 10-year retail bond that attracted such strong demand that the order book was briefly reopened twice, raising a further £22.5m. The amount was a record for a bond issued on the London Stock Exchange's order book for retail bonds since its launch in 2010 and the proceeds were earmarked for the company's hefty £3bn annual maintenance bill.

Corporate finance:

HUNTING

Energy services group Hunting forked out £570m in 2011 to buy a string of businesses, expanding its presence in the fast-growing shale oil and gas-drilling sector. To finance the deals, it placed over 13.1 million new ordinary shares to raise £85.4m and arranged a new, five-year £375m multicurrency revolving credit facility with its lenders. These arrangements were completed just as Europe's sovereign debt crisis accelerated and equity markets plunged.

Liquidity management:

E.ON

In January 2011, energy company E.ON completed the largest debt buyback by a European corporate since the onset of the financial crisis by repurchasing €1.8bn in bonds ahead of schedule. The two-stage tender offer was spread across six series of short-dated notes with an aggregate face amount of €7.2bn.

UK large loans:

SABMILLER

Brewing giant SABMiller secured syndicated loan facilities of $12.5bn to clinch its bid for Australia brewer Foster's. The financing facility was the largest seen in the UK since the onset of the financial crisis, second only to miner BHP Billiton's ultimately unsuccessful bid for Potash in 2010. It consisted of four tranches: one of $8bn of up to 30 months' maturity, one of $2.5bn of three years' maturity and two five-year loans of $1bn and $1.5bn each.

European large loans:

KERRY GROUP

After being cut off from its traditional sources of funding as a result of the meltdown in the Irish financial sector, food group Kerry decided to overhaul its banking group. The result was a new, five-year €1bn revolving credit facility with an international syndicate of banks that provided a line of committed debt until April 2016 and significantly extended the maturity profile of the group's debt.

Mid-market loans:

JD WETHERSPOON

Pub group JD Wetherspoon secured its second refinancing in 18 months when it amended and extended its existing £530m revolving credit facility in August 2011, just as market conditions were moving against borrowers. In total, £555m was raised, with other lenders taking on the commitments of the two banks that were exiting the facility. Its lifetime was also extended by two years to the end of March 2016.

Team of the year (large):

REXAM

Consumer packaging giant Rexam is the world's second largest manufacturer of drinks cans and a major producer of rigid plastic packaging. In 2011, the group made $360m from its disposal of its US-based plastic closures division as part of a programme to refocus its portfolio and lower its debt, which had already been reduced from £1.83bn at the end of 2010 to around £1.4bn. Against this background, the treasury team invested in technological innovation, including an OpenLink treasury system and SWIFT implementation, enabling it to increase its focus on business partnering and exert a greater influence over the group's commercial strategy, helping to improve management decisions and profit margins.

Team of the year (mid-market):

QINETIQ

QinetiQ's treasury team was instrumental in the global technology defence group's 'self-help programme' of cost-cutting, productivity improvement and debt reduction. It arranged a new, five-year, multicurrency £275m credit facility in February 2011 and it undertook debt buybacks and operational improvements. The team also displayed strong organisational skills and attention to detail in a series of initiatives to improve cash management and cash pooling.