

## Markets & Analysis

5 Jan 2012

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### What sort of regulation would the banks prefer?

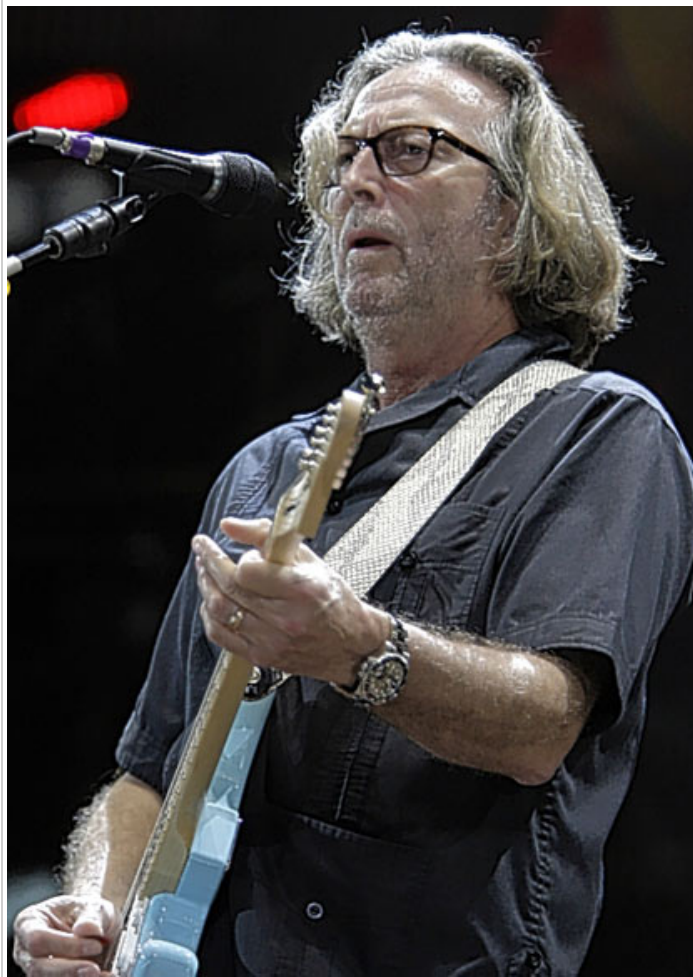
The new regulatory framework is in the process of construction. We know that the Bank of England is set to take over all of the existing macro-prudential powers of the Canary Wharf-based Financial Services Authority (which disgraced itself by failing to put a stop to the sins of the banks in the boom). But the FSA will live on. It will be renamed the Financial Conduct Authority and its job will be to police the sale of financial products to the ordinary public. The final division of regulatory powers between the Bank and the future FCA has yet to be decided. The word is that private banks are lobbying hard behind the scenes for the Bank to be given the whip hand. Why? Because they think the regulators in Threadneedle Street will prove more lenient and biddable than those in Canary Wharf. Surely a good reason to disappoint them!

### That's not fare! Tube costs row

Former mayor Ken Livingstone has said his successor Boris Johnson's fares rise is unnecessary because Transport for London has "amassed hundreds of millions of pounds of surplus cash". Hmm. TfL's last annual report said there is debt of £6.3 billion and an annual interest bill of £400 million. Last year their borrowing limit was increased to more than £7 billion. But so far in the present financial year there has been an "operating surplus" of £487 million which will go towards Tube upgrades and borrowings won't rise as high as they otherwise would have done.

**\* Labour London Assembly member Val Shawcross calls this £487 million a "debt repayment", asking why the Mayor did not keep down fares and "instead apply that enormous amount of money to put cash back into the hands of the bankers and actually repay debt".**

**Johnson replied that Shawcross is the real friend of the bankers: "What we are doing is trying to minimise the impact on our finances of sustaining these debts and, actually, in the long term the repayments we are making will save £140 million.**



In the money: rocker Eric Clapton has just filed accounts

report said there is

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**If you choose, you can fire-hose away that £140 million to the bankers in interest, if you want. Is that what you want? Is that your policy? You want to give your friends the bankers £140 million in interest? I do not think that would be the right way to go."**

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\* Jo Johnson, the Tory MP brother of Boris and former editor of the Financial Times' Lex column, has got a first rung on the government ladder some 18 months after the Lib-Con coalition came to power. Johnson will be able to use his City nous as Parliamentary Private Secretary to Business Minister Mark Prisk. A full ministerial post would seem to be only a matter of a time for the younger blond bombshell from the ambitious Johnson clan...

\* **Italian bank UniCredit's website carries a "seasons greetings and best wishes for a prosperous and happy new year" message. Shareholders whom the bank has tapped up for €7.5 billion (£6.2 billion) in a deep discounted rights issue may be forgiven a bah-humbug.**

## Clapton plucks up £4m pay

Rock veteran Eric Clapton took a salary of nearly £4 million, according to the latest accounts at Companies House for his Marshbrook business.

Revenues were up nearly £2 million to £12 million, thanks to an increase in his touring revenues. That meant the artist, famed for his classics Layla, Cocaine and Wonderful Tonight, could pay himself £3.98 million for the year ending March 31, slightly up on the £3.92 million of a year before.

However, he did not pay himself a dividend, unlike in the previous year when there was a £600,000 payout.

Alas, because of poor trading at his yacht management business - he leases out his boat - Marshbrook made a loss of £924,225 before tax. Clapton also paid a hefty foreign tax bill of £482,913. Not all rock stars are so keen to pay tax...

## Ive a fantasy about lunch

Who would you invite to your fantasy dinner? Condé Nast's technology magazine Wired has compiled a Smart List of 25 "people who are going to make an impact on our future". The mag has done this by "asking today's top achievers who, emerging in their field, they'd most like to have a leisurely lunch or dinner with".

So Virgin mogul Sir Richard Branson says he would invite South African designer Lesego Malatsi, David Cameron's adviser Rohan Silva selects Carlo Ratti, cerebral director of Senseable City Laboratory, at America's MIT, and fashion guru Sir Paul Smith picks Apple designer Sir Jonathan Ive. Smith already knows Ive, saying: "I enjoy the way he thinks about things and the observations he makes. We all know what amazing things he has achieved at Apple."

How Jony Ive qualifies as "emerging" is not clear since he has been at Apple for two decades, helping to create the iPod and iPhone and he was knighted this week.

Wired is inviting all the nominees to a dinner to celebrate their inclusion in the Smart List. Let's hope Condé Nast can pay the air fares.

\* **Lucky that G4S's attempted £5.2 billion takeover of Danish cleaning company ISS failed last year. Judging by a chat with its press office, the company already has enough on its hands. Asked about ArmorGroup, the private security business chaired by former Tory Cabinet minister Sir Malcolm Rifkind when G4S bought it for £43.6 million in 2008, the PR response was: "ArmorGroup? Is that a part of G4S?"**

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