

## **Competitiveness Advisory Board**

*Summary of the Competitiveness Advisory Board meeting held on the 3<sup>rd</sup> April 2025.*

The Board held its second meeting of the year in April 2025. At this meeting, the views of the Board Members were sought on the UK's approach to AI and Public Markets.

The Board received a report from the Director of Policy & Innovation outlining the UK's ambition to become a global leader in AI through strategic investment, regulatory alignment, and innovation-led policy. The Board emphasised the importance of a balanced regulatory framework that supports innovation while managing risks, alongside targeted investment in data centres, talent development, and the protection of data privacy and sovereign capabilities.

Concerns were raised around national security, job displacement—particularly in financial and professional services—and the broader implications for skills, energy usage, and infrastructure. The Board also highlighted the need for coordinated action in areas such as quantum encryption and trusted capital, calling for greater international regulatory coherence and a more resilient infrastructure to meet the growing demands of AI.

The Board received a report from the Executive Director of Innovation & Growth on the state of UK Public Markets, recognising their strong foundations and comparative advantages over the EU, while noting challenges relative to the US. The discussion highlighted the need for a balanced approach between public and private markets, with priorities including infrastructure improvements, digitalisation, and a strong pipeline of listable companies. Key issues raised included valuation, liquidity, regulation (particularly for tech firms), standardised documentation, and better risk communication.

The Board stressed the importance of incentivising domestic investment, reforming ISAs, and considering tax impacts, while also supporting recent regulatory reforms. Caution was urged against overly negative narratives, with recognition of private markets' value and concern over limited capital demand from UK companies. Symbolism, perception, and timing were seen as important in driving confidence, with optimism around renewed global appetite, especially from China. The Board agreed that progress must be underpinned by practical solutions, investor education, and a celebration of both public and private market successes.

The Board discussed whether the International Regulatory Strategy Group (IRSG), jointly run by the City of London Corporation and The City UK, should engage with domestic financial and market regulation, as well as international. The view was expressed that the City of London Corporation should remain actively involved, as domestic regulation is fundamental to the competitiveness of the Square Mile. There is broad support for a collaborative approach, with the IRSG and The City UK

working together to maximise impact. A conversation will be had with The City UK to clarify roles, ensure alignment, and avoid overlap, with the Policy Chairman and Executive Director of Innovation and Growth taking this forward.

The Board suggested that regular updates be provided at the start of each meeting to the Board to highlight where previous Board discussions have influenced published papers or contributed to external forums. It was agreed that this will be included on the agendas as appropriate going forward.

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