# “FRAGMENTS” OF “FINANCIAL GEOGRAPHY”: FROM THE “BIG CRISIS” TO THE “BREXIT”

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*Abstract*

After summarizing the succession of events, connected to the 2007-08 financial “big crisis”, through the most recent literature, the contribution focuses on the European reality, with particular attention to the labor market and the difficulties of the public sector, subject to the constraint of EU “fiscal compact” rules, especially in “high budget deficit” countries. We are going to analyze the business structures and the characteristics of the European banking system in a perspective that is attentive to the relative effects on the territorial projections of the individual national structures, in function of the role played by the main stock exchanges and the respective “markets”, attracting operators and investors. Discussing the configurations that characterize the framework of the main European stock markets, by “capitalization” values, it emerges the leading role of the RU, in relation to which, it arises the issue of the changes, foreseeable and, in part already in place, consequent to the “Brexit”. As a consequence of the constraints affecting the banking system, an inevitable “emigration” of many supranational credit companies is underway; they are forced to leave the UK to avoid being in a third country position, implying costly consequences to continue operating in the EU area. In this perspective, the French and the German initiatives to host the bank branches transferring from the UK, are discussed, but also opportunities represented by locations in Ireland, as a European center of gravity, in geographical proximity to the UK, are envisaged. Finally, after evaluating the distribution strategies of foreign companies with respect to the structures of the main international Stock Exchanges, this work concludes that a significant abandonment of the London station is unlikely, and it is actually believed that it will continue to represent the main financial market of the Old Continent.

*Keywords:* big crisis 2008, banks strategies, finance and territory, London Stock Exchange Group, Brexit

## 1. Introduction

The rapid spread of the American financial crisis, between 2007 and 2008, which affected the major national banks, triggered negative reactions in the real economy in Europe, producing a substantial contraction of GDP.

However, as early as 2012, the Union’s most dynamic economies, to a large extent Germany and, in part, France, experienced signs of recovery, together with the most recent Partners of the latest UE enlargements. In any case, this recovery seemed rather

weak and, absolutely incomparable to the speed with which, in the same period, the US economy was recovering. This is especially relevant, considering the magnitude of the amount of financial resources destroyed, and the consequent upheavals that the 2007/8 Wall Street crash had produced in the States.
The ability to react to the American banking crisis depended on the adoption of timely and courageous measures implemented according to at least three criteria:

a) The change of political course, which followed the Lehman Brothers failure in September 2008, inspired by the principle of "too big to fail";
b) The positive effects produced by the adoption of "centralist" initiatives by the Federal Government in USA;
c) The temporary relaxation of any strong "liberal" conception, with the, pro-tempore, intervention of the Federal State in the re-capitalization of the big American banks.

Also, the central authorities of the USA well understood that the main cause of the unexpected collapse of the system was due to the excessive ease with which a mix of toxic securities has been traded through a complex financial alchemy. These securities quickly spread within a world globalized banking reality. To overcome the difficulties, therefore, an effort was needed to revise the regulations on financial production, based on criteria of transparency, independent control, and reliability of the offer.
In this "scenario", our contribution, initially, examines the post-crisis set-up on the International and European scale; thereafter, it examines the regulatory strategies that have been adopted from 2008 to 2018 in the major financial markets worldwide. Subsequently, focusing the research on the European reality, it examines the political climate in which the decision of the British people to leave the EU matures and the consequent strategies of the big banks reacting to the loss of "European Country Status".
Finally, the research focus addresses the issue of bankers' strategies vis-à-vis the exit of the British from the EU. At the same time, it will analyze, in more detail, the effects of "Brexit" with reference to the position of the London Stock Exchange as the main European and World financial big market[1].

## 2. "Fragments" of Financial Geography: from the "Big Crisis" to The "Transparency" Model inspired by "G20 Agenda"

The "big crisis" took place in a scenario where, after President Nixon's decision to suspend unilaterally the convertibility of the dollar in August 1971, an excessively large amount of dollars could circulate in America's external trade, as a consequence of the negative balance of the US. All US bankers, constantly looking for new opportunities, largely amplified their range, also facilitated by the abandonment of the Bretton Woods' rules, and even thanks to a favourable legislation on concentration and mixture of financial and merchant functions[2].

[1] The British London Stock Exchange is the Fifth Largest Financial Center in the World, after the Two US Exchanges (NYSE and NASDAQ) and Three Asian exchanges (Tokyo, Shanghai e Hong Kong). Recently, worried by Brexit, important stockholders have left LSE for Euronext which has surpassed London by capitalization, but not for the number of listed companies.
[2] After the great crisis of 1929, the Glass-Steagall Act was enacted in 1933 in America preventing commercial banks from carrying out brokerage, trading, participation and acquisition of companies,

The gradual liberalization, which started in the United States in the Seventies, evolved with greater intensity in the Eighties, during Reagan's administration, and was followed by successive administrations. At the same time, in Great Britain, with the advent of the government of Margaret Thatcher, the liberal model further expanded its borders, spreading later to the rest of the Western countries and, increasingly, around the world.

A system forged on the principles of neo-liberal thinking, which posits a limited degree of state intervention in the economy and the ability of markets to self-regulate, has given free rein to financial markets and subtracted from nation-states most of the instruments of economic policy to govern situations of difficulty or crisis. This system nevertheless forced governments to take charge of the rescue of banks, in order to avoid tragic social effects and the collapse of the economic system.

The absence of "geography" in the recent history of financial institutions, to a large extent, determines consequences that seem completely unpredictable. On the one hand, the full liberalization of the financial markets amplifies the opportunities, allowing the involvement of a multitude of potential investors, buyers of financial products attracted by promising high returns, without the necessary knowledge on the risks arising from product compositions, in turn, constructed through intricate financial networks. At the same time, as a consequence of the complexity and the high degree of complementarity and connection that characterize the products offered on the market by a network of "global finance", the ultimate purchaser, the customer, not only does not know the initial issuer, (who, in turn, ignores completely the same profile of the investor-buyer of financial securities), but cannot interpret in any way the complex value chains which support the final product whose attractiveness is due to somewhat uncertain profitability expectations (D'Aponte, 2012).

In this context, the main objective of finance is no longer to support the production system in business risk, but the real imperative is the maximum return at all costs, thanks to the speeding up of negotiations and the "construction" of products "derivatives" in which, together with solid securities, poorly solvent securities are included. The behaviour of the "global financial banker", in a system characterized by a growing indifference towards a customer outside the specific geographical area, becomes dangerous. Although, on the one hand, this model has allowed the opportunity to diversify risk and, undoubtedly, also fuelled the growth of production, on the other hand, it favoured the emergence of new types of risk which, with domino effect, involve the entire global financial system and, consequently, the product placed on the market ends up producing serious damages in the real economy.

A vast scientific literature has discussed the complex alternation of events that mark the history and the strategies adopted by different governments to overcome the crisis[3]. In this paper we are interested in discussing the initiatives directly related to a more

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consulting and insurance firms simultaneously. On the other hand, the government took care of ensuring the deposits conferred by the citizens. Even during Reagan's presidency many controls were loosened, until 1999, when the law was abolished under President Carter. The most controversial aspect of the liberalization lies in the absolute lack of relationship between deposits, credit financing and speculative activities carried out by banks and insurance companies.

[3] In a previous work, carried out by a group of Italian geographers, in which the author of this contribution participated (D'Aponte, 2012), the main aspects of the "geography of the financial crisis 2018" are widely examined (Lucia, Rizzo, 2012).

effective and transparent regulation of the financial sector (Anginer-Demirguc-Kunt, 2014; Classens-Kose-Laeven, 2014; Anderson, 2013; Alessandrini et al, 2009).
The policy of the Federal Government, in the short term, was focused on bailing out banks, then it focused on long-term initiatives, to avoid the repetition of catastrophic financial risks.
However, after urgent action, it was absolutely necessary to restore investors' confidence and, at the same time, avoid future crises. This need explains the reason why in the US, where the "crisis" began, the courage and timeliness with which the Federal Government introduced monetary liquidity into the banking system[4] allowed a more rapid restoration of "national economic growth". At the same time, ensured the international trade expansion[5], the Regulatory bodies introduced very strict control rules to ensure the "transparency" of financial products and especially the stability of financial markets.
In Europe, such policies were not implemented with similar timeliness, and individual States suffered the consequences of the crisis with uneven results[6]. In general, economic growth, in Europe, was slower and the negative consequences of the crisis were very serious for those countries able to allocate a limited amount of resources to investments and to the modernization of their production systems.
Although with rather slow implementation times, the recommendations that, since 2008, followed one another in the G20 Agendas, led to the adoption of specific control rules on financial activities throughout the industrialized world (Arias-Barrera, 2019). Political authorities were concerned about the risk of inadequacy of the instruments for restoring the stability of the production systems and the social stability of their country; banking institutions were instead alarmed by the crisis of confidence which compromised their survival, while, at the same time, making it easier to place their financial products on a large geographical scale[7].

[4] However, many researchers have pointed out the "suspected coincidence" that the Secretary of the Treasury of the Bush administration, who managed the crisis, after the sudden collapse of Lehman Brothers, was Hank Paulson who had previously had a pivotal role on the board of Goldman Sachs bankruptcy. His successor, appointed by the Obama administration, Tim Geithner, had been, also, a super banker, as head of the New York branch of the Fed.
[5] The importance of international trade for the US economy is evident in the aggressive positions taken by the Trump administration in the "tariff war" with China and Europe, according to the "America The First" doctrine. The main objectives of American policy, according to President Trump, must be the national security strategy and the restoration of the primacy of the USA over any other global power, in a context in which the Federation must act keeping in mind the danger posed by the market contention that sees the US in competition with the European Union, the Russian Federation, China and other Eastern Countries.
[6] For various reasons a part of responsibility for the reduced ability of the European Partners to introduce public financial resources into their respective production systems depended on the "fiscal compact" rules adopted in 2012 for the "fear of the Euro crisis", depending by "excess deficit" of the National budgets. The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (so-called Fiscal Compact) was signed at the European Council on 1-2 March 2012 by all EU Member States with the exception of the UK and Czech Republic. As a direct consequence of the new European regulations, Constitutional Law No. 1/12 was approved in Italy on April 17, 2012, aimed at introducing the constraint on the budget balance.
[7] For many national financial market regulators, the agenda defined by the G20, and given substance by the FSB, CPMI, BCBS and IOSCO has defined their own focus and indeed work- plan over the last ten years, with a commensurate impact on regulated entities.

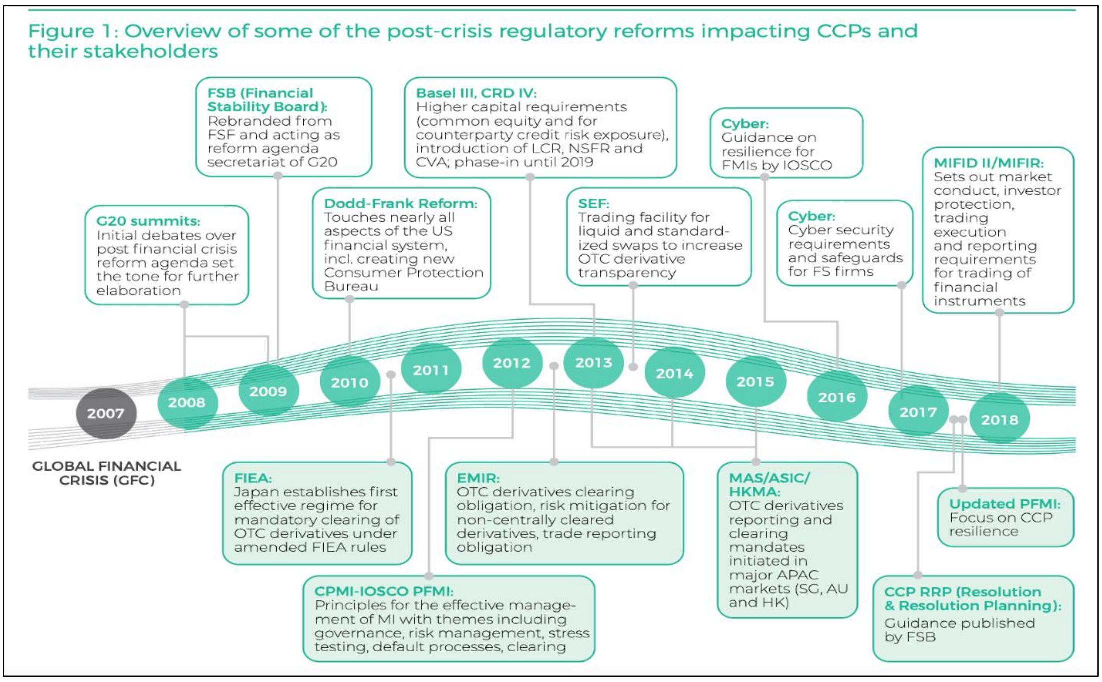

Figure 1: Overview of some of the post-crisis regulatory reforms impacting CCPs and their stakeholders

*Figure 1:* Overview of main post-crisis regulatory in
the industrial countries of the World.
Source: Wyman, 2019.

The choice of an explicit "transparency", in all phases of the distribution process of the financial offer, represented the most convincing choice to restore a condition of trust, at all levels of the scale of transactions, induced by the placement of those "bonds" in which the individual components could remain scarcely intelligible, if not even, "obscure".

The G20, aware of the risks that the crisis of confidence would have produced towards the global finance that had spread all over the world, between 2008 and 2009, had hastened to include in the Agenda of political meetings at the highest levels of state responsibility (Financial Stability Board) the issue of a specialized structure in charge of formulating guidelines, the contents of which, allowed, in 2010, the formulation of a detailed regulation, immediately adopted by the United States, (Dodd-Frank Act, 2010).

The legislation impacted every aspect of the American financial system, promulgating innovative rules for the "protection" of consumers, whose content, for the first time, overturned the positions, between seller and buyer, attributing explicit advantages to the latter in terms of "transparency" and "recognisability" of the composition of the securities being traded[8].

[8] After the establishment of the new executive of the Financial Stability Act (transformation of the Financial Stability Forum of 1999) which brings together the representatives of Governments, Central Banks, Supervisory Authorities on institutions and financial markets, for the purpose of controlling "transparency" processes of the financial transactions, several other specialist bodies were set up. The IOSCO (International Organization of Securities Committee), the CPMI (Committee on Payments and Market Infrastructures), the BCBS (Basel Committee on Banking Supervision). These bodies, then, at national level, were divided into individual institutions for regulating specific banking systems, based on regional governance models.

The new model loses completely its connection with the territory, which cannot longer remain confined in the narrow local and national spaces, but it must globalize, increasing its reference market in search of a greater size and potential customers[9]. The reform attaches particular importance to the criterion of “over-the-counter (OTC)” market control which constitutes a decentralized transaction space, in which shares, raw materials, currencies or other financial products are exchanged directly between two parties, without a central broker[10]. This bargaining model has increasingly developed, in function of the rapid spread of digitized IT operations (Belcredi and Ferrarini, 2013).

## 3. “Fragments” of Financial Geography: Strategies of Stock Exchanges, Bankers, Large and Medium-sized Enterprises

The “great crisis”, of which we summarized the essential characteristics, developed in a “theater” in which, after the decision of President Nixon, to unilaterally suspend the convertibility of the dollar (August 1971), resulted in the introduction of huge quantities of American currency in the international trade regulations, as a consequence of the negative balance of the US balance of payments. In the same period of time, all American bankers, always ready to take advantage of any new opportunity, greatly expanded their range of action, also facilitated by the abandonment of the Bretton Woods rules, and even encouraged by a favourable legislation on the concentration and combination of financial and commercial functions in the same institutional context of the American banking system.

In this climate, the main objective of finance was losing the peculiar institutional purpose of supporting the production system in business risk, switching to increasingly complex speculative articulations in search of the maximum achievable return, thanks to the acceleration of negotiations and the “construction” of bonds in which to converge, together with solid securities and securities with high volatility.

The new model completely loses its link with the territory, which can no longer remain confined in narrow local and national spaces, but must globalize, expanding the reference market, in search of large dimensions populated by potential customers in continuous expansion.

The “banker” does not try to read anymore the “territories” as physical spaces of its shrewd use; he does not longer operate based on his own experiences, in relation to the nature and purpose of the project to be financed. He now cares about the expected profitability measure, predicts the speed of the placement of the product to its extensive customer base[11].

[9] Numerous acronyms are inserted in Figure 1. FMI stands for Financial Market Infrastructures: FIEA stands for Financial Instruments and Exchange Act; CPMI is the Committee on Payments and Market Infrastructures; HKMA is an acronym for the Hong Kong Monetary Authority and the Securities & Futures Commission; CYBER is the regulatory tool for cyber governance of dematerialized transactions; EMIR stands for European Market Infrastructure Regulation; MiFID II and MiFID are the abbreviations of the financial instruments adopted by the European Parliament in June 2014, whose Directive on the protection of investors in financial instruments was adopted in Italy by CONSOB only in February 2018.

[10] In Italy, the Central Counterparty functions are performed by the Compensation and Guarantee Fund (CC&G) which is a spa within the Italian Stock Exchange, currently included in the London Stock Exchange Group which since 2007 has absorbed the Italian Stock Exchange by merger.

[11] C. Goldfinger (World Bank Analyst) already in 1986 suggested extending the field of analysis of financial geography to the territory also intended as a “non-physical (...) place (...) to which businesses,

The central nucleus of the “deterritorialized” system of the new era, dominated by “investment banks”, is, in fact, the Stock Exchange, a fundamental infrastructure for the largest and most diverse penetration of the global market, where firms look for capitals and seek greater “visibility” within their production context.
This “global banker” chooses to focus on achieving the maximum profitability that the financial product allows, by any means, stimulates the speed of product positioning and increases its geographical area, in which to distribute large quantities to a large customer base, completely unrelated, absolutely anonymous.
The Stock Exchange is a fundamental infrastructure for the widest and most diversified penetration of the global market. It is a Big Market where Companies enter to search new capital, but also to enlarge seeking greater “visibility”, competitiveness and reputation within their own specific sector of reference.

| Stock Exchance Name The WFE Statistics Team Feb 2020 | Domestic Market Capit. JAN 2020 (USD millions) | % WORLD | % REGIONAL | %CHANGE JAN'20/JAN'19 |
|---|---|---|---|---|
| | | | | |
| **WORLD** | **92.642.733,43** | **100** | | |
| ***AMERICAS*** | | | | |
| ***Total for region*** | ***41.007.867,90*** | ***44,26*** | **100** | ***9,82*** |
| B3 - Brasil Bolsa Balcão | 1.118.281,76 | | **3** | 4,71 |
| Nasdaq - US | 13.286.825,21 | | 32,40 | 24,61 |
| NYSE | 23.363.502,34 | | 57,00 | 4,00 |
| TMX Group | 2.360.504,90 | | 5,80 | 5,80 |
| OTHER | 878.753,69 | | 2,14 | nc |
| ***APAC*** | | | | |
| ***Total for region*** | ***30.274.137,95*** | ***32,68*** | **100** | ***8,57*** |
| ASX Australian Securities Exchange | 1.480.916,07 | | 4,9 | 9,58 |
| BSE India Limited | 2.181.351,90 | | 7,2 | 9,47 |
| Hong Kong Exchanges and Clearing | 4.595.366,11 | | 15,2 | 12,27 |
| Japan Exchange Group | 6.044.050,02 | | 20,0 | 6,23 |
| Korea Exchange | 1.402.716,54 | | 4,6 | -8,25 |
| National Stock Exchange of India | 2.162.693,11 | | 7,1 | 10,13 |
| Shanghai Stock Exchange | 5.037.349,28 | | 16,6 | 20,11 |
| Shenzhen Stock Exchange | 3.454.965,32 | | 11,4 | 5,87 |
| Taiwan Stock Exchange | 1.143.210,09 | | 3,8 | 17,31 |
| OTHER | 2.771.519,51 | | 9,2 | nc |
| ***EMEA*** | | | | |
| ***Total for region*** | ***21.360.727,58*** | ***23,06*** | ***100,00*** | ***8,50*** |
| Deutsche Boerse AG | 2.020.041,04 | | **9** | 9,46 |
| Euronext | 4.821.103,52 | | 22,57 | 22,57 |
| Johannesburg Stock Exchange | 1.001.570,63 | | 4,69 | 4,69 |
| LSE Group | 4.024.164,26 | | 18,84 | 18,84 |
| Nasdaq Nordic and Baltics | 1.594.481,61 | | 7,46 | 7,46 |
| Saudi Stock Exchange (Tadawul) | 2.333.838,79 | | **11** | 10,93 |
| SIX Swiss Exchange | 1.775.268,21 | | 8,31 | 8,31 |
| OTHER | 3.790.259,52 | | 17,74 | nc |

*Table 1:* The Capitalization of World Stock Exchange in January 2020.
Source: WFE Statistical Focus, Feb. 2020.

institutions, governments and individual operators they resort to their operations by moving large volumes of wealth from one area of the globe to another”(Lucia, 2012).

The Stock Exchange, through the dynamics of the individual prices, takes on a particular function of real "certifier" of the meeting between the demand of the single stock market, in a given time. Consequently, it provides a clear and immediate dimension of the reliability and profitability of the single listed company and, consequently, through sector indices, the profitability of the reference sector, on national and global scale. The relevance of the individual stock market therefore depends on the mass of circulating values that relates to the quantities of capital of listed companies. Capitalization, understood in its concentration value, depending on the size of shares, together with the articulation and specific characteristics of the market that the stock exchange infrastructure involves, constitutes the real discriminating factor to which the production system is induced to refer.
A look at the global distribution of stock market capitalization in early 2020 (January)[12] shows how more than 2/5 is concentrated in America, 1/3 in Asia and 1/4 in Europe. In the EMEA region, LSE alone, concentrates 19%; while Euronext, which brings together the stock exchanges of Paris, Amsterdam and Brussels, constitutes 22.5% of the total area pricelist. These simple data demonstrate the centrality of the London Stock Exchange towards the overall Europe-Middle East region (EMEA).
The main world stock exchanges take on a very specific territorial dimension, through the treatment of shares of listed companies, both on domestic and foreign markets, while the banking system provides for the retail distribution of financial products. Therefore, the real risk of "volatility" of the exchanged shares remains allocated in the banking system, involving the final buyers. The role of the stock exchanges, through the dynamics of the individual prices, takes on a particular function of real "certifier" of the meeting between individual stock market demand. Consequently, the stock exchange provides a clear and immediate "evaluation" of the listed companies and, through sector index, of reference sector of production, on a national scale, and on a global scale.

| RANK | STOCK EXCHANGE/ NATIONALITY | Capitalization | | Listed Comp. | |
|---|---|---|---|---|---|
| | | Million of US$ | % | Number | % |
| 1 | NewYork Stock Exchange (NYSE) -USA | 20.679.476,91 | 27,03 | 2.285 | 4,38 |
| 2 | Nat. Ass. of Securities Dealers Aut. Quot. (NASDAQ) - USA | 9.756.836,14 | 12,76 | 3.058 | 5,86 |
| 3 | Japan Exchange Group - JAPAN | 5.296.811,10 | 6,92 | 3.657 | 7,00 |
| 4 | Shanghai Stock Exchange - CHINA | 3.919.420,26 | 5,12 | 860 | 1,64 |
| 5 | Hong Kong Exchanges and Clearing - CHINA | 3.819.215,40 | 4,99 | 2.315 | 4,43 |
| 6 | Euronext – EUROPE (Eurozona) | 3.730.398,31 | 4,88 | 1.208 | 2,31 |
| 7 | LSE Group – UK + ITALY | 3.637.996,04 | 4,76 | 2.479 | 4,75 |
| 8 | Shenzhen Stock Exchange - CHINA | 2.405.459,50 | 3,14 | 2.120 | 4,06 |
| 9 | BSE India Limited - INDIA | 2.083.482,76 | 2,72 | 5.066 | 9,70 |
| 10 | National Stock Exchange of India Limited - INDIA | 2.056.337,32 | 2,69 | 1.950 | 3,73 |
| | **Subtotal "top ten"** | **57.385.433,74** | **75,02** | **24.998** | **47,87** |
| | **WFE Total** | **76.492.140,51** | **100** | **52.212** | **100** |

*Table 2:* Rank of Top Ten Stock Exchange by Capitalization in 2019.
Source: WFE Statistical Report, Year 2019.

[12] The data reported in January is useful for comparison because the data of the last months are strongly influenced by the financial crisis due to the spread of the "corona virus".

When the market perceives situations of dubious profitability of a financial product, shares or derivatives, a process of abandonment of that financial product is triggered by investors which, giving rise to substantial sales, determine a sudden drop in its price.
The average of the price, changes over the course of an entire trading day, translates into a trend influencing the percentage value of the stock market "increasing" or "decreasing" the Stock Exchange Global Index.
In situations of particular panic, which determine the state of "crisis", the transition from the depletion of the securities issued, to that of the market value of the banking institution which concentrates large quantities of them, occurs automatically and particularly quickly.
In the event of a "great crisis", the entire activity of the stock exchange in which the trading of products that the market considers to be devoid of concrete monetary value undergoes a collapse, that can have disruptive effects transmitting the crisis situation in all the other markets stock exchanges, in which the contaminated products were progressively distributed.
Figure 2 shows the trend of the capitalization of the NYSE and NASDAQ in the long run (from 2003 to 2019), while Figure 3, shows the same phenomenon for the main European Stock Exchanges.

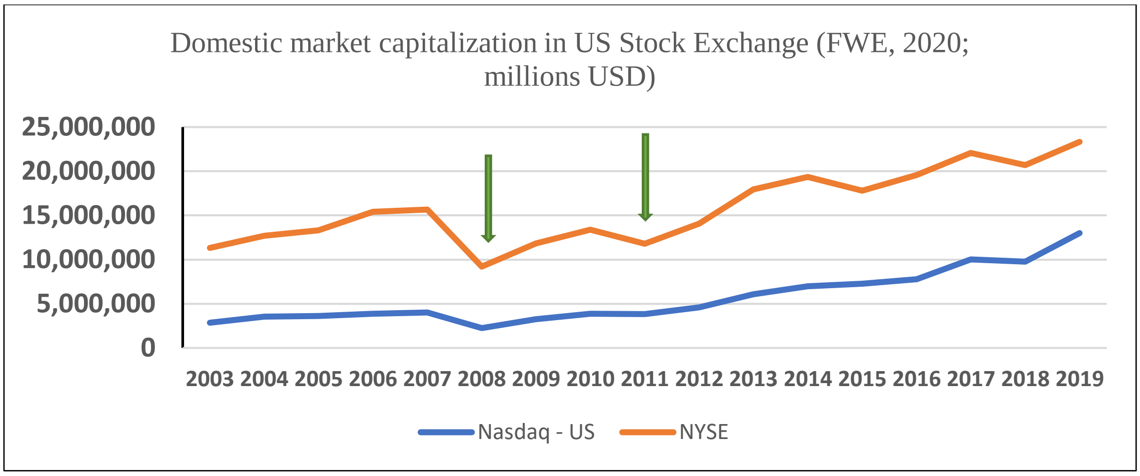


*Figure 2:* The US Stock Exchange capitalization by NYSE and NASDAQ from 2003 to 2019.

The comparison reveals the exact coincidence of the minimum capitalization in NYSE & Nasdaq Index, determined in the period 2008-2011.

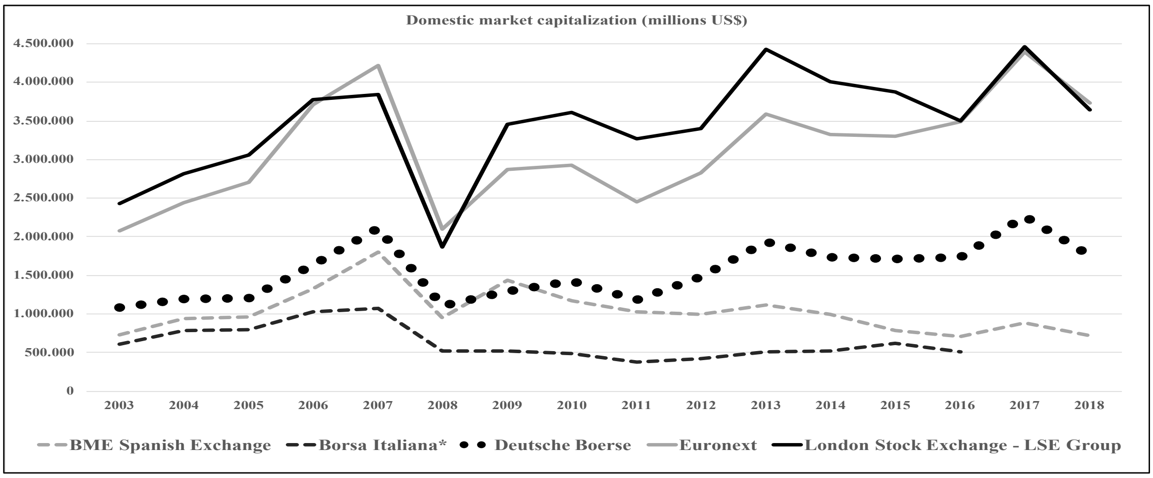


*Figure 3:* The European Stock Exchange capitalization by the main Groups from 2003 to 2018.
Source: WFE, Report 2019.

However, while for the USA the recovery of the stock market is progressively and steadily occurring[13], this trend is not recorded in the case of European stock exchanges. More, in detail, the dynamic involving the European stock exchanges proves to be discontinuous, with alternating peaks of growth and decrease, overall, still today and still below the thresholds that characterized the trend in the early years of the contemporary century.

The measure of stock market capitalization is important for the choices of the companies and for the activity of the investors, because larger dimensions determine wider market prospects and, therefore, the possibility of very important business opportunities.

Despite the wide and widespread digital platforms whose access and operation are becoming increasingly simple and free of constraints, the distance factor produces a concrete “barrier” effect, mainly by affecting the degree of “visibility” of information amplitude, towards a foreign company, which, therefore, ends up being scarcely “interesting” despite the extent and liveliness of the foreign market that it was intended to intercept. From Table 3, reproduced below, it is well understood the evident disproportion in the ranking of the main world stock exchanges as regards the relationship between domestic and foreign companies. In fact, foreign companies often make up a very small percentage; however, they are always represented by large companies particularly in the main internationally renowned stock exchanges (NISE, NASDAQ, LSE, HKECE, EURONEXT).

[13] The rise continues with absolute intensity in recent years, during the Trump presidency, when significant indirect support for the national economy has been provided, following the doctrine known as “America the first”.

| Rank 2019 | Stock Exchange | Domestic Firms | Foreign Firms | | RANK 2019 | Stock Exchange | Foreign Firms |
|---|---|---|---|---|---|---|---|
| 1 | BSE India Limited | 5.066 | 1 | | 1 | CEESG - Vienna | 610 |
| 2 | Japan Exch. Group | 3.657 | 5 | | 2 | NYSE | 510 |
| 3 | TMX Group | 3.383 | 53 | | 3 | LSE Group | 418 |
| 4 | Nasdaq - US | 3.058 | 436 | | 4 | Singapore Exchange | 259 |
| 5 | BME Spanish Exchanges | 3.006 | 27 | | 5 | Hong Kong Exch. and Clearing | 154 |
| 6 | LSE Group | 2.479 | 418 | | 6 | Euronext | 149 |
| 7 | Hong Kong Exch. and Clearing | 2.315 | 154 | | 7 | ASX Australian Securities E. | 142 |
| 8 | NYSE | 2.285 | 510 | | 8 | Luxembourg Stock Exchange | 135 |
| 9 | Korea Exchange | 2.207 | 21 | | 9 | Bolsa de Comercio de Santiago | 80 |
| 10 | ASX Australian Securities E. | 2.146 | 142 | | 10 | TMX Group | 53 |
| **Total** | | **29.602** | **1.767** | | 14 | Deutsche Boerse | 49 |
| … | | | | | …..… | | |
| 14 | Euronext | 1208 | 149 | | 17 | Bermuda Stock Exchange | 38 |
| … | | | | | …….. | | |
| 24 | Deutsche Boerse | 514 | 49 | | 20 | BME Spanish Exchanges | 27 |
| **Total WFE** | | **52.212** | | | …….. | Cayman Islands Stock Exchange | 2 |

*Table 3:* Top Ten World Stock Exchange by Domestic Firms and
Top Ten Stock Ex. by Foreign Firms.
Source: WFE, Report 2020.

The NYSE, although not at the top, still aggregates a large number of listed foreign companies and together with NASDAQ, constitutes the largest concentration of listed companies headquartered outside the USA; while, the London Stock Exchange is precisely the place where, outside of America, the phenomenon of the presence of companies that do not belong to the same country, thickens at the highest level of its rank. Overall, the percentage of foreign companies, compared to the total mass treated by main world stock exchanges, assumes significant weight both in the United States and in Europe. Both stock markets, constitute the most attractive financial market realities on a global scale.

## 4. "Fragments" of Financial Geography: The "Brexit", The Future of the LSE and UE Banks

The different aspects of the "Brexit" on the of the UK and the EU economies are widely analyzed in the scientific literature published since 2016 (see references on the last page). Various researches paid attention to what many political observers called "Prime Minister Cameron's careless evaluation" (Glencross, 2016), referring to a favorable outcome for the United Kingdom's permanence in the European team which, through the referendum, had contributed to strengthening the Labor government team. In fact, differently from expectations, the referendum produced the prevalence of votes for the "leave", while in the political scene it was determined the return of the conservatives to lead the Country.
In public opinion, a feeling of hostility was spread towards the "lien", considered excessive, imposed by the EU, in sharp contrast with a "nostalgic" vision of a glorious

independent future that would once again place the UK in the position of “global player” of the world economy and politics.
An explicitly nationalist “vision” has been widely shared by the government of Mrs. May, facilitated by vague promises of American origin[14]. This ‘vision’ has been supported by the obvious complicity of Trump who proposed himself pro-British to simulate the real anti-European objective of the ideology pursued by the White House (Hill, 2018).
In the complex of the vast scientific literature, the “Brexit phenomenon”, understood as an unexpected political-economic novelty in a context of neo-nationalist ferments spread in various countries of the Union, has produced a broad general debate between political scientists, economists (Ottaviano, Pessoa, Sampson, 2014; Dhingra, Ottaviano, Sampson, Van Reen, 2016); Craft,2016), sociologists (Outhwaite,2017), and geographers (Rinaldi, 2019; Lavery, McDaniel end Schmid, 2018; D’Aponte and Rinaldi, 2016), attentive to the effects of “territoriality” in the strategic choices of financial stakeholders.
With a view to assessing the effects of “Brexit” on the economic-financial system, the most accredited literature agrees in attributing particular attractiveness to the UK both for the opportunities offered by its financial market and for the opportunities offered by a very dynamic job market. It presents a very attractive labor market due to the heterogeneous skills of foreign workers (highly qualified, but attracted by higher wages with respect to those obtainable in their countries of origin), coming from countries such as Italy, Spain, Portugal, but also from the new Partners aggregated by the extensions to the East of the EU from 2004 to 2008 (Sampson, 2017; Campos-Corricelli, 2017).
On the other hand, reflecting on possible alternative scenarios related to the financial and banking context, the candidacies most credited in the event of a diaspora from London appear to be those of Frankfurt, Germany, and Paris, France (Lavery et al, 2018).
In this complex political-institutional situation, the aspect of greatest practical interest is represented by geo-economic changes in the relations with the Old Continent, mainly with an unpredictable redistribution of commercial and financial flows (Rinaldi, 2019; Sampson, 2017).
The common strategy adopted by important banking institutions, which operate on a multinational scale, which have been present for a long time in the market area of the London stock exchange, suggests that, ultimately, a sort of “brexodus” emerges, imposed by legal precautions and regulations that appear particularly stringent outside the EU market for “reciprocity” procedures. Numerous listed companies, and the banking institutions themselves, while not giving up a presence on the British market, appear oriented to plan a process of removal from the City which, at least initially, involves the legal offices, i.e. the administrative structures of the financial institutions, without this ultimately, it means renouncing the maintenance of operating activities on British territory (D’Aponte, 2017).

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[14] The hypothesis of a direct relationship between British expectations and the new course of American economic policy connected by the rise of Donald Trump appears fully shareable: The election of President Trump made that even less attractive. Thus, it was hardly surprising that Prime Minister Theresa May and her Cabinet started to talk increasingly of Britain’s ‘global’ future. What this might mean in practice is by no means clear and cannot be understood without reference to the historical background (Hill, 2018, p. 183).

Even in the hypothesis that despite the loss of membership status, the nature and specific regulatory constraints to which financial institutions are subject, as well as the same main interests of economic operators acting on large markets, must be interpreted in the light of a principle of direct consequentiality, as a result of which the economic-financial dynamics evolve according to absolutely more accelerated rhythms, with respect to the speed with which political-institutional relations are recomposed. In this perspective, it must be kept in mind that the financial fabric proves to be predisposed to anticipate its timing, putting in place anticipatory strategies, at least of a precautionary nature, even if, in any case, they are by no means irreversible (Capriglione and Sacco, 2015).
In other words, the two main factors, dynamism of the specific market and regulatory lies and constraints, when divergent, push operators to adopt strategic behaviors, not excluding sudden changes in the distribution of the relative structures, according to a criterion of dynamic balance of the most appropriate location conveniences (D'Aponte, 2014).
From this point of view, the geographical logic of the location, both of the network of the major international banks, and the criteria for the choice of the place of listing of Companies, will be totally reconsidered, provoking a massive exodus from the London square. This is true for the the simple reason that many of the opportunities originally at the basis of the choices made to the extent of the expected uses in the medium term, will only continue to display the same value in terms of internationalization and market viability (Ferrara, 1998). In addition, there is the the important additional reason that in the London area there is a strong concentration of production initiatives, only partially found in other business centers of the Continent, while the company managing the London Stock Exchange, the LSE Group, appears in search for technological innovations in the IT field that includes an offer of high quality services that act as incontrovertible factors of attraction (The CityUK, 2016).
From a geographical point of view, it is clear that: "The territorial and social factors, combining in virtuous ways, make the United Kingdom, in particular Greater London, an extremely profitable region, both for businesses and investors, both for economic operators, commercial enterprises and for the workers themselves in search of progressive individual welfare". (D'Aponte, 2017, p. 602).
For the majority of foreign operators, the London Stock Exchange appears to be more attractive in terms of "proximity to markets and potential consumers", even more than for the potential for development of the relative internal market, unlike what occurs with respect to the Chinese stock exchanges and Indian[15], as emerges from a recent survey (City of London & FDI Intelligence, 2018). Another additional factor which is far from negligible must be identified in the position of "gateway" that the London Stock Exchange played towards the European market, precisely in function of the status of "EU member country", on which the possibility of developing opportunities

[15] In the case of China and India, the "internal" market, due to accelerated growth factors and population, is the main attraction for those who intend to operate there. In contrast, in all the other financial regions of the contemporary world, the "internationalization" factor assumes a largely predominant character in the "geographical" choices of the operators.

for interaction depended, unconstrained[16], within a geopolitical basin, extended to all 28 countries of the UE (Schoenmaker, 2017; Crafts, 2016).
The loss of the "close connection" of European partnership assumes even greater relevance for the banking sector. According to the current legislation governing the derivatives market, the relative marketing within the partner countries is not allowed for products packaged outside of the borders of the European Union. This is true, not only due to the controls introduced for financial product after the 2007-08 crisis, but mainly due to the problem of "clearing" between banking institutions outside the Union, which could no longer take place, if not through expensive and complicated mechanisms[17].
For this reason, if the large foreign banks currently present in the UK experience difficulties in interacting with EU banking institutions, the convenience of keeping their presence active in the UK would be significantly compromised (Howart and Quaglia, 2017). This explains why, even before the definitive detachment of the UK from the EU, several operators began a progressive, albeit cautious rethinking of the convenience to persist in the London listing. The situation is very well highlighted by the graph (Figure 4) that clearly shows how, initially (2003-2007) foreign companies listed by Euronext tend to pass through the London city, while the number of foreign companies that landed in Euronext and Deutsche Boerse have undergone a clear increase since the global crisis of 2008; however, by no means enduring.
However, it is useful to specify that this is a phenomenon that determines considerable uncertainties about the actual advantage of the disengagement from the British market which, however, remains undisputed for efficient organization and sizing, at the top of the rank of world stock exchange groups (Lavery et al, 2018).

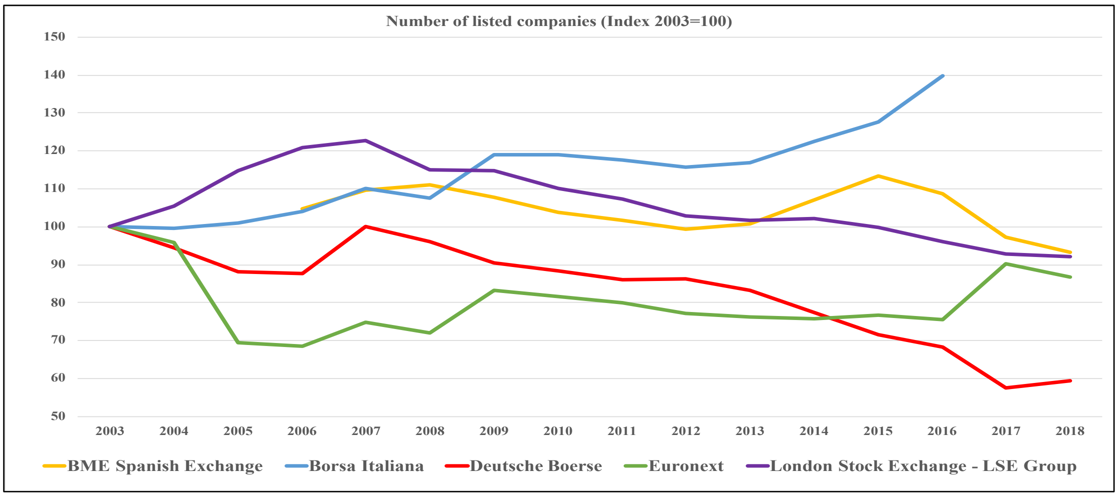


*Figure 4:* Trend in the number of listed companies (Index 2003 = 100).
Source WFE, 2019.

[16] The role of the so-called "passporting rights" represents the condition for which financial companies can offer their services across the EU directly from the London office, without having to open branches or undergo further bureaucratic procedures in the other 27 countries of the common area European.
[17] The interest of the banks is very high as the "derivatives" transaction market is estimated, still expanding, at around over one trillion for the very last years of activity of the London Stock Exchange. Therefore, it represents a tempting opportunity for the banking network that earns profitable commissions whose loss would significantly affect the profitability of the system.

The situation that emerges from the most recent statistical data reveals a structure of the major European stock exchanges in which the largest number of listed foreign companies, despite the divestments, still remains firmly attributed to the LSE Group, as shown in the following graph (Figure 5).

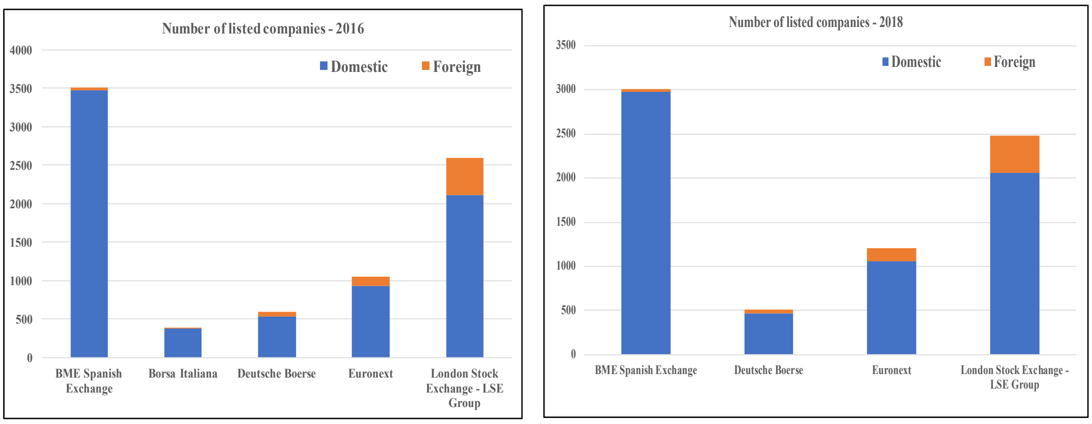


*Figure 5:* Companies listed by nationality - Comparison between 2016 and 2018. Source: WFE Monthly Report Dec. 2016 and Dec. 2018.

The migratory flow, that appears to be of greatest importance, therefore, is not that linked to the stock exchange market, but more explicitly regards the banking network which, as already clarified previously, is more severely affected by the loss of EU partner status by of the UK, in relation to the main activities characterizing the viability and profitability of the banking sector.
Ultimately, we can say, that the exit of the UK from the EU, represents a more or less incisive factor, depending on the industrial activity carried out and the related presumed evolution determined by the new regulatory post-Brexit framework.
Some concrete examples may be useful, to better understand the meaning of this statement[18]. The case involving Toyota, a car company particularly active in all European countries, to continue registering the cars produced in the UK after the "leave", the Japanese company risks suffering heavy taxation, in a highly competitive sector, such as the automotive sector, already experiencing market difficulties within the same sector. On the other hand let us consider a multinational such as Schlumberger, present in the RU precisely for its interests, in relation to its business related to plant supplies and the implementation of technological innovations in the field of oil exploration and extraction activities, for which the geographic region of the North Sea represents a set of market opportunities.

[18] From the analysis of the data referring to the largest companies by capitalization, listed on the London market after the vote for the "leave", it emerges that the most relevant positions were attributable to a set of assets expression of the US banking (JP Morgan Chase & Co., Bank of America) and British (HSBC Holdings), together with Technology companies, in the US electrical and electronic sectors, (General Electric Co., Honeywell Int. Inc.), of the mining extractive technology sector Schlumberger (multinational with registered office in Curacao), and finally, the automobile settlement of the Japanese Toyota. In view of the uncertainty about the convenience of any disengagement from the London market, consideration of the practice often implemented by large companies to simultaneously access a quotation both on a domestic regulated market and on one or more should not be overlooked foreign markets, creating the so-called *"dual listing"* or even "*multiple listing"*.

Therefore, there is a wide heterogeneity of the possible strategies that underlie the conveniences of the individual industrial groups. There is no doubt about the evidence of explicit actions that come from the dynamics underway by the major banking groups present in the UK, in relation to the possible exodus to other destinations on the Old Continent.

The most concrete prospects concern, first of all, the French and the German financial markets. These locations, for a number of shareable reasons, seem to be the most attractive realities for a transfer of the banking network beyond the Channel. Hypotheses, these, much more realistic than a simple hypothesis currently under study, referring to the turning point represented by the recent agreement concluded between the government of Prime Minister Johnson and the European Commission, that unequivocally established, at the end of 2020, the status of "third" EU country for the United Kingdom.

The prospects identified by a Bloomberg research, already in the early months of 2008, to understand the strategies of the major international banks, appear very interesting.

The available data indicate that "five of the largest banks are transferring 750 billion euros of their asset to Frankfurt in order to continue providing their services on the European market[19]. The German city has been chosen by Citigroup, Morgan Stanley and Goldman Sachs which will also have an office in Paris), while the Swiss UBS will transfer its risk and support services center to it" (Rinaldi, 2019).

A privileged position appears to be that of Ireland whose location advantage, dependent on remaining firmly anchored to the EU and simultaneously included in the British geographic area, makes it attractive for important US banking institutions, such as Barclays, JP. Morgan, Bank of America and ASI (Aberdeen Standard Investments) for whom the link with the United Kingdom remains a fundamental environmental factor.

The definitive "theater" is not yet possible to define, in all its multiple horizons[20]. Currently it seems possible to assert that many banking institutions will continue to open their offices in the main EU cities, often continuing to maintain offices in the UK, with the aim of simultaneously monitoring the evolution of that financial market (Sampson, 2017).

A particularly important unknown factor regards the definitive investment strategies that will be adopted by the Chinese capital, currently at the top of the FDI (Foreign Direct Investment) in the UK. Regardless of the "Brexit", it is foreseeable that the flow of foreign capital will continue to land in the UK, targeting markets such as energy technology, the building sector, and the financial activities themselves.

Currently, in any case, there is no doubt that the consequences of Brexit on the British stock exchange market appear evident in terms of reduction of capitalization and

[19] The motivations that justify the choice of Frankfurt and Paris for companies that emigrate from LSE are intensely influenced by the timely political initiatives of their respective governments, but also by the provision of efficient services and by an adequately hospitality climate (Lavery, 2018, p. 79). More directly, the President of the Bundesbank argues that in relation to the strategies that will be adopted as a result of the Brexit "Frankfurt is virtually predestined for the role of continental partner for British financial institution" (BdB, 2017).

[20] In Germany (Frankfurt) it will host Citigroup, Morgan Stanley and Goldman Sachs. These are not indifferent to the important position in the "derivates" transaction reached by Deutsche Bank. Even for the Swiss financial giant HSBC, the transfer from London to Paris will also have the consequence that the seven foreign branches (Belgium, Czech Republic, Ireland, Italy, Luxembourg, the Netherlands and Spain) will no longer depend on London, but on Paris, with predictable relocation of numerous workers.

modification of the ranking of the largest listed companies on the LSE group (see Figure 1 and 2 and Table 4).

| RANK 2015 | COMPANY | SECTOR | NAZ. | CAPITALIZATION (MiLL. £) |
|---|---|---|---|---|
| 1 | Jpmorgan Chase & Co | Banks | USA | 176.465,08 |
| 2 | General Electric Co. | General Industrials | USA | 163.058,75 |
| 3 | Toyota Motor Corp | Automobiles & Parts | JP | 153.924,17 |
| 4 | Hsbc Hldgs | Banks | UK | 103.344,96 |
| 5 | Royal Dutch Shell | Oil & Gas Producers | UK | 100.863,95 |
| 6 | Bank Of America Corp | Banks | USA | 98.924,43 |
| 7 | Total Sa | Oil & Gas Producers | FR | 74.579,65 |
| 8 | Boeing Co | Aerospace & Defence | USA | 71.324,91 |
| 9 | British American Tobacco | Tobacco | UK | 70.193,55 |
| 10 | Honeywell International Inc | General Industrials | USA | 69.405,58 |
| RANK 2018 | | | | |
| 1 | Royal Dutch Shell Plc | Oil & Gas | UK | 190.850,19 |
| 2 | Toyota Motor Corporation | Automobiles & Parts | JP | 163.208,46 |
| 3 | Boeing Co. | Industrial Goods & Services | USA | 149.912,64 |
| 4 | Hsbc Holdings Plc | Banks | UK | 129.601,13 |
| 5 | Int. Business Machines Corp. | Technology | USA | 116.410,66 |
| 6 | Total S.A. | Oil & Gas | FR | 110.076,42 |
| 7 | Bp Plc | Oil & Gas | UK | 99.975,85 |
| 8 | General Electric Company | Industrial Goods & Services | USA | 93.296,04 |
| 9 | Honeywell Int. Incorporated | Industrial Goods & Services | USA | 92.460,47 |
| 10 | Astrazeneca Plc | Health Care | UK | 74.399,85 |
| | (Source, LSE Group, 2019) | | | |

*Table 4:* Top Ten Companies Comparison by Capitalization on 2015 and 2018 in LSE Group.

The table, clearly, shows the downsizing of the American component, mainly in the banking comparison. While the companies in the technological, electrical and aeronautical sector in the USA keep stable the leading positions on the London stock exchange. In general, the most prominent positions in LSE change from American to British, while the sector prevalence crosses from the finance sector to the technological and energy sector (Industrial's, Technology, Oil & Gas)[21].
The transfer of activities from the UK to other European locations produces significant effects for the consequent flow of workers who must move.
These workers belong to good social classes and enjoy medium-high wages so they will certainly require housing and services at the highest levels in the sector. As a consequence, significant market disturbances will occur, with a growing trend in house and service prices, in European cities where the exodus of companies from the UK is produced.

[21] In the case of Toyota, it must be considered that the transfer of the production plants to a new location in the EU area is not possible in a short time, for obvious reasons of a technical and economic nature. However, as we have already pointed out, from next year (2021) the problem of localization outside the EU borders will be very relevant for the competitiveness of the Japanese company.

A forecast believed to be very reliable, made by Bloomberg through a survey of March 2018, assesses the number of workers who will leave the UK as a result of the restructuring of the British financial sector as a result of Brexit, in over 5.000 workers[22].

| | Lavoratori in UK | Trasferimenti previsti | % sul totale |
|---|---|---|---|
| HSBC (UK) | 5000 | 1000 | 20% |
| Goldman Sachs (USA) | 6000 | 700 | 12% |
| Deutsche Bank (DE) | 9000 | 500 | 6% |
| JPMorgan (USA) | 16000 | 400 | 3% |
| Societe Generale (FR) | 2000 | 400 | 20% |
| Bank of America (USA) | 4500 | 400 | 9% |
| Morgan Stanley (USA) | 6000 | 280 | 5% |
| Citigroup (UK) | 9000 | 250 | 3% |
| Credit Suisse (CH) | 6600 | 250 | 4% |
| UBS (CH) | 5000 | 200 | 4% |
| Barclays (UK) | 10000 | 150 | 2% |
| Standard Chartered (UK) | 1800 | 130 | 7% |
| Nomura (J) | 2300 | 100 | 4% |

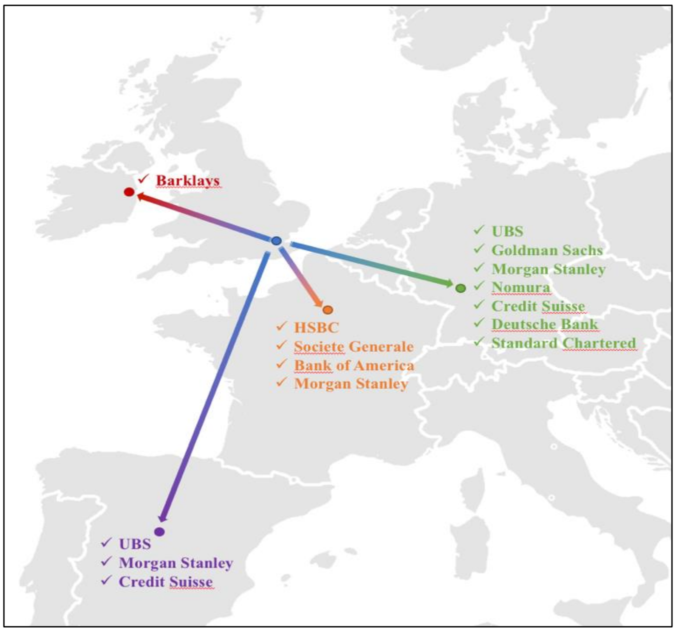


*Figure 6:* Immigration flows in Europe expected downstream of Brexit.
Source: Rinaldi, 2019 on Bloomberg data.

A very relevant aspect of this flow of workers, from the UK to other large European capitals, is represented, as the chart shows (Figure 6), by the exodus involving both the large American banks and the British giant HSBC, "corporate website", established in 1865 by Hongkong & Shanghai Banking Corp.[23] This is a very relevant aspect of the effects of "Brexit", (which also affects many Citigroup and Barclays workers), which the people of the City have tried in every way to oppose, by voting compactly, but without success, for the "remain". The other flows of workers, other than the component of employees from US banks, concern French, German and Swiss companies that may return to their respective countries of origin.

[22] The Japanese of Nomura and those of Daiwa and Sumitomo, which operate intensively in the financial market, would opt for the Netherlands, while Luxembourg is the preferred base for the activities related to the Investment Fund market (Everbright, Blackstone and Carlyle) indeed, financial activity that was originally not very present in the sphere of influence of LSE. The employees of all these important foreign companies that will be forced to leave the UK will have different effects on the structures of the individual companies, but their amount will, however, be significant in numerical terms and by professional qualification.
[23] The HSBC Group took on its current name in 1989; while in 1991, anticipating the transfer of Hongkong to the jurisdiction of the Pop Rep. Chinese (1997), the HSBC Holding was established in London. HSBC, as well as being a large banking group, is itself a symbol of ancient British supremacy in Orient, strongly perceived by the English people.

## 5. Some short conclusions

Through the most accredited literature a "new financial geography" emerges, designed by the "Brexit", characterized by a complex interaction of concomitant factors.
First of all, there are the political and regulatory consequences produced by the choices made by the United States governments, in a time between the end of the Second World War and the outbreak of the financial crisis, at the beginning of the new Century.
Crucial events, for the spread of a financial "euphoria", are to be charged: a) the sudden monetary turn, caused by the abandonment of the full golden convertibility of the dollar; b) the extreme liquidity of American currency, consequently poured onto international markets; c) the mix of credit and speculative finance, in the context of the large US banks, and in their related international branches.
At the same time, undoubtedly with very positive consequences, once again the decisive and rapid action of politics allows access to the antidote to curb the crisis, after the traumatic failure of the Lehman & Br., through the transfer of immense liquidity into the system of large private banks by the FED.
Finally, to restore "confidence" to the markets, assumes considerable importance the position of the World Powers within the G20, for the launch of a rigid regulation to ensure control levels and, more than anything else, of absolute "transparency" to the production of 'recognizable' financial products placed on the derivatives market and traded on world Stock Exchanges.
"Double-sided" process, on the one hand, has been fueled by disastrously "contagious" events due to systemic "toxicity"; on the other it has been characterized by political resolve and good regulatory practices. A new "virtuous" scenario in which, the most serious global finance crisis, that hit the world economy, takes on characteristics capable of determining tendentially stable prospects.
In this reference "scenario", after the great fear of 2008, the financial geography of the new century, progressively, seems to have stabilized. The main world stock exchanges have returned to negotiate, growing, sometimes alternating, sometimes continuing, large capitalization values. Banks are forced to undertake mergers and new acquisitions in order to achieve adequate dimensions, for comparison and competition on large markets. The territory has returned to assume an important role, due to the qualitative and quantitative characteristics of the relative population and the distribution of economic activities.
The recovery of economic growth in the United States took place with greater intensity, allowing stable positive GDP growth rates. Constant increases have been favored by expansive public policies and by the large capacity of the production system to exploit favorable market opportunities on a global scale. Otherwise, Europe, unable to implement a shared economic policy, held back in the implementation of expansive public policies by strict "fiscal compact" rules, is going through a long period of "disaffection" for the Community institutions, with the consequent spread of neo-nationalist movements, in many countries of the Union.
Faced with the inability of the EU institutions to adopt shared policies aimed at promoting growth and development, easing budgetary constraints and simplifying the overall regulatory system, superordinate to national laws, in the UK, second largest economic and commercial power in the Union, a path started in 2016 and it would have determined its definitive detachment from Europe.

The victory of the “Brexit” is the result of a referendum comparison difficult to interpret in rational terms, but more understandable by evoking independence and nationalist nostalgia of the British people (Glencross, 2016; Outhwaite, 2017), while the distribution of the vote reveals a geography of the “Leave” and “Remain”, intensely marked by social and cultural differences and by a clear contrast between the electorate of the central areas and the electorate of the suburbs (Clarke et al, 2017; Lavery-McDaniel-Schmid 2018).

At present, the most significant consequences of the new geopolitical positioning of the UK, in terms of commercial relations, can give rise, at the moment, only to forecasts, in any case, consistently pessimistic towards the British economy [24] (Dhingra, et al, 2016; Ottaviano et al, 2014; Crafts 2016; D’Aponte-Rinaldi, 2017).

On the other hand, the question of the reorganization of the banking-financial sector, has included many investigations and assessments, in relation to the changes that have taken place, or are in progress, by the location structures of the companies in that area. In terms of redistribution of foreign financial assets, that have no priority to stay in a UK outside the EU, the question of the most favorable location within the countries of the Old Continent, represents a topic of great importance in the agendas of the main national governments.

In fact, confirming the importance that the topic assumes in the evaluation of the European national governments, it should be noted that both in Paris and in Frankfurt the efforts to attract exodus activities from the UK are led by primary political actors within an intense dialogue public-private sector focused on promoting these two business locations as desirable locations for financial activities outsourced by the City (Lavery, p. 79)[25].

However, it is inevitable to note that, although several cases of full-blown diaspora have been recorded, and others are expected soon, the results of the research carried out, lead to the conclusion that, although with some limitations, the business context, understood as a whole, has absolute necessity of effective interconnection within a large financial market, so that, in any case and despite the “divorce” from the EU, the position of the City, the incontestable “bridge” between the Old and New World, will continue to constitute a profitable market reality, a concrete dynamic opportunity, which will be quite difficult to disregard (D’Aponte, 2017).

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[24] A London School study predicts that, overall, the EU’s trade loss would range between 0.12% and 0.29% of cumulated GDP. Otherwise, the damage to the HR would be much greater, initially assessed (IMF, 2016) in an overall measure varying between 1.5 and over 5% of the national GDP, subsequently revealed to be unfounded given the real trend since which shows an increase of 1.9% in 2016, 1.9% in 2017 and 1.4% in 2018 and an estimate of 1.3 for 2019.

[25] In Frankfurt, local government has been particularly active. Ministers from the state government of Hesse have travelled repeatedly to the UK heading delegations of state officials as well as business leaders to showcase the advantages of Frankfurt (FMF, 2017). In Paris, there has been marked unity between actors from national and local government. In a report for France’s Senate on Paris’ post-Brexit strategy, the rapporteur général notes the positive “joint mobilization of all public authorities and the private sector”, which he argues has been perceived positively internationally (de Montgolfier, 2017, p. 71).

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