

# Tax-soaked French bankers feeling London's lure - RTRS

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- SocGen mulling moving some staff to London -sources
- Threatened tax hikes weigh on bankers, companies
- 20 pct of CAC-40 listed companies consider leaving -lawyers
- Broader banking climate, job cuts seen as obstacle

By Lionel Laurent and Christian Plumb and Sophie Sassard

PARIS/LONDON, Aug 20 (Reuters) - The City of London financial district, though diminished by scandals and job cuts, is proving irresistible to fed-up Parisian bankers fleeing France's rising taxes and the feeling that they're not best loved at home.

French financial groups big and small, from advisory firms and private equity houses to big banks like Societe Generale [SOGN.PA](#), are looking at London as a possible shelter from a new 75 percent tax rate on top French earners, bankers say.

Take Bertrand Meunier, who recently agreed to move to London to take a job at private equity firm CVC Capital Partners, leaving a long-term leadership position at PAI Partners, a private equity firm that was spun off from French bank BNP Paribas [BNPP.PA](#) over a decade ago.

The tax picture played a part in his decision, Meunier acknowledges, but so too did a wider sense that London rewards work and entrepreneurship, while many of his compatriots take a jaundiced view of financial success. "I have many friends and family members here, and they've tried to convince me to move for a while," he told Reuters. "I think that London is quite extraordinary; the buildings are small, it's very green, people have a good attitude towards work and wealth.

"What irritates me about France today is how the taste for work, for effort, has been completely lost," he added. Although few are willing to talk on the record about their dissatisfaction, he may soon have more company.

"Many French banks have planned to transfer more operations to London. The tax burden is lighter, and there is more flexibility there. It also makes sense to grow international operations from there," said Stephane Rambosson, managing partner of executive search firm Veni Partners.

SocGen in particular is actively considering moving some trading staff to London, three sources familiar with the matter said.

The French bank is reviewing a plan to send client-facing staff to London as they are typically on higher salaries than back-office people, one person at the bank said.

Some M&A bankers with a sector focus will also join existing teams in London, several people at the bank said. A handful of Technology, Media and Telecom (TMT) M&A bankers will for instance move to London in September, the people said.

SocGen's investment bank employed 12,000 people at the end of last year, though that number has since declined due to job cuts.

SocGen declined to comment.

Though London has shed tens of thousands of jobs in finance since the global crisis began in 2008, it still tops the Global Financial Centres Index, which ranks the world's biggest financial capitals on measures such as the availability of skilled people, business environment, market access, infrastructure and competitiveness. Paris comes a distant 22nd.

With finance its biggest industry and housing more overseas banks than any other city, London is the obvious destination for French bankers who feel under-appreciated and overtaxed by the centre-left administration of President Francois Hollande, who famously branded the world of finance as his enemy during this year's presidential election campaign.

Several bankers in recent weeks offered the view that Hollande's policies were an open invitation to leave the country, not just for them but for key corporate clients.

"You're going to be surprised at the number of people who are actually leaving," said a senior M&A banker, comparing Paris to a five-star hotel where life was luxurious but ultimately unaffordable. "I have close friends who have already gone."

Rambosson estimated that 30,000 to 40,000 financial sector professionals of French nationality are already in London. That's not far from the 55,000 people that French Banking Association figures suggest are employed in investment banks in Paris, many of whom will be in back-office roles. That could include as few as 3,309 traders, while the elite investment bankers in Paris may number fewer than 1,000, according to another headhunter.

Major French banks do not disclose the geographical distribution of their investment banks.

'VERY FRUSTRATED'

Another M&A banker noted that there were advantages for employers, too, such as a more diverse talent pool. He and other bankers said the dissatisfaction went beyond the professional community and into the boardrooms of companies they advise.

"A lot of my clients are very frustrated," he said, adding that while it would be political poison for chief executives to move to the UK, other less visible executives such as financial and accounting chiefs and directors for human resources and investor relations were looking at moves.

British Prime Minister David Cameron infuriated French politicians in June when he vowed to "roll out the red carpet" for French firms if Hollande followed through on his plan to raise taxes for the wealthy. Tax lawyers have told Reuters that about 20 percent of CAC 40-listed companies are "seriously reviewing" such options.

"Companies have mandated experts to present communication plans addressing political backlash and social bashing if they were to relocate abroad. They are getting ready for it," said tax lawyer Francois Tripet, who is currently helping large French firms to reduce their tax burden.

Several financial and legal advisors said Bernard Arnault, France's richest man, who is founder and chairman of luxury group LVMH [LVMH.PA](#), was considering relocating the group's executive committee abroad, with London the most likely destination for the exiles.

"It would not surprise me if they actually made a move. If they did so, they wouldn't be the only ones," said a senior adviser familiar with Arnault's thinking.

LVMH declined to comment.

#### 'BRUTAL RELOCATIONS' UNLIKELY

The gradual siphoning of low-profile staff and profits to new or existing units outside France would appeal to many companies making most of their revenues abroad, said Sebastien de Mones, tax adviser at Paris-based law firm Bredin Prat.

"I don't believe in brutal relocations. A Schneider-like scenario is a more interesting one."

Schneider Electric [SCHN.PA](#) last year showed that a prominent French firm could be run from abroad when it relocated part of its executive committee, including chairman Jean-Pascal Tricoire, to Hong Kong, where the group makes 12 percent of its revenues and 26 percent of its profits.

Though Switzerland could also lure those seeking to escape "soak-the-rich" tax policies, it lacks London's range of financial services. And if birds of a feather like to flock together, Switzerland can't match the concentration in London, where around 300,000 French expats live.

"Belgium and Switzerland do not offer the same opportunities. These places are much smaller and must get quite boring over time," Meunier said.

Though the motive to move might be strong, headhunters caution that demand outstrips the opportunities.

"Whether you're based in London or Paris, you're going to witness the same problem," said Gael de Roquefeuil, head of Paris-based executive search firm ROC Partners. "Investment banks are not hiring, full stop. It's all frozen."

But the City of London, even with more job cuts on the way and bonuses likely to be curbed under Europe-wide legislation, is still more central to global capital flows and more likely to fight restrictions from Brussels than Paris. Placing people on a permanent basis in London, where information flows better and where French expat life is vibrant, is still better than shuttling bankers through the Channel Tunnel, said an executive at one of France's top banks.

(Additional reporting by Tom Bill in London; Editing by Will Waterman)