



# COMPANIES & MARKETS

Power to the people Aggreko plugs African electricity shortfall **Page 15**

## Regulator bars RBS from debt buy-back

By Adam Jones, Jennifer Hughes and Anousha Sakoui

Royal Bank of Scotland has been barred by the City regulator from redeeming £951m of its own debt for fear the buy-backs would have damaged talks between the UK and the European Commission over the state-owned bank's restructuring.

The move was unexpected and sent the price of the bonds involved sharply lower.

The Financial Services Authority said yesterday that its action, which affected four different

Swaths of hybrid bonds have been downgraded because of moves to curb pay-outs

hybrid issues, reflected the European Commission's hostility to rescued banks using state aid "to remunerate their own capital".

Hybrids have characteristics of both equity and debt. They have become contentious because investors treat them as debt – and therefore senior to shares – while regulators and politicians consider them equity.

"The Commission has made it clear to the UK authorities that a decision by RBS to call these instruments would adversely affect the ongoing state aid discussions in relation to RBS," the FSA said.

The RBS move comes nine months after Deutsche Bank became the first big bank to break with convention by not redeeming hybrid debt at the first opportunity, a move that angered investors who had believed they had a "gentleman's agreement" with banks to redeem their bonds as early as possible.

Yesterday RBS acted to calm investors, telling them it had wanted to redeem the paper and would do so as soon as it was able to.

However, prices for the main bond affected dropped to about 69 per cent of par value, compared with just over 90 per cent before the announcement. "There was always a risk but this wasn't really expected," said Richard Thomson, a credit analyst at Henderson Global Investors.

Investors were also worried that Lloyds, another state-rescued bank, would also be forced into similar capital-saving measures.

"Lloyds doesn't have a subordinated bond that is due for call soon, but if the FSA is willing to stop calls on RBS, there could well be



On track: Yo! Sushi is looking to step up its delivery service, which is available at only nine out of its 43 branches

## High-end restaurants join rush to offer delivery service

### News analysis

Table numbers are falling but takeaway web services help buck the trend, says **Pan Kwan Yuk**

The Bombay Bicycle Club has achieved something of a recession miracle during the past six months.

The Indian restaurant and takeaway chain, which counts Gordon Ramsay among its customers, has

number of operators are seeing home delivery as a way to lessen losses.

It's not hard to see why. Even as consumers held back from spending on other consumer services such as restaurants and hotels, takeaways increased – by 2.5 per cent to £1.5bn last year, according to figures from Mintel.

Just-eat.co.uk, the online takeaway ordering site, and its smaller rival Hungryhouse.co.uk have both seen a sharp spike in the number of restaurants look-

ing to offer delivery services, he says.

But ordering in is no longer just about cheap Chinese food or pizza.

Nobu – best known for its £32 black cod with miso – is looking into the idea of offering home delivery, although no decision has been made yet. Yo! Sushi is looking to step up its delivery service, which is available at only nine out of its 43 branches in the UK.

RoomService.co.uk, an upmarket food delivery service that works with res-

taurants, has very high operating costs," she says.

If they can sell a little bit more through delivery ... This is money they are getting through the door and will help alleviate cash-flow pressure."

But in the rush to expand delivery services, Helena Spicer, analyst at Mintel, cautions that there are a number of potential pitfalls.

To begin with not all food travels well, so careful selection is important when deciding which menu items

## Weekend briefing

### The big stories

#### Digging deeper

The consortium bidding for National Express looked as though it might walk away last week after the rail and bus operator rejected a 450p-a-share bid and announced it would raise £350m in equity. But the bidders, led by the Spanish Cosmen family and private equity group CVC, returned this week with a sweeter offer of 500p a share.

Stagecoach, which hopes to take over the UK rail and local bus businesses of National Express as part of the deal, secured commitments from the Department for Transport that it would press on with its planned takeover of the loss-making East Coast rail franchise and would not enforce its right to terminate other franchises.

Deutsche Telekom is also hoping that suitors for its UK mobile business, T-Mobile, will be prepared to dig a little deeper. When talk of a possible sale first came out in June, it seemed the German telecoms company would have to settle for something towards the lower end of the €3bn-€4bn (£2.6bn-£3.5bn) value of the unit. But this week it emerged that Deutsche Telekom is in preliminary talks with Vodafone, France Telecom and Telefónica – and there are hopes that the stock market rally will have boosted T-Mobile UK's price tag to €4bn.

The Brussels hustle  
Industry lobbying groups

#### National Express

Share price (pence)



Source: Thomson Reuters Datastream

too sweeping and would lead to an exodus of business from the EU. Boris Johnson, London's mayor, travelled to Brussels to defend the City's hedge funds.

But insurers take the prize for shouting loudest. The Association of British Insurers claimed that European rules set to come into force in 2012 could force the UK industry to raise £50bn in fresh capital. In a letter to Alistair Darling the ABI called the rules a threat "to the industry, to its customers and even to financial stability".

#### Bashing bankers

Politicians scored some easy points in the run-up to the G20 finance ministers' meeting this weekend. Leaders of the UK, France and Germany issued a joint letter calling for "binding rules" on bankers' remuneration, though they fell short of recommending an absolute cap on bonuses.

Bonus or no bonus, however, hiring is picking up in the banking industry: Hays, the recruitment group, said on Thursday there were "signs of life" in financial services recruitment.

#### Land grab

