



European
Financial
Forum



DEUTSCHES AKTIENINSTITUT



9/11/06

PROGRAMME

WILTON PARK CONFERENCE 830

Friday 10–Saturday 11 NOVEMBER 2006

CAPITAL FLOWS AND THE SAFETY OF MARKETS

In recent years, capital markets have been adjusting to the emergence of India and China, to perceptions of a global 'savings surplus', to new oil price shocks, to concerns about asset 'bubbles' and new regulatory arrangements. Price corrections in the first half of the year and increased volatility suggest considerable investor uncertainty. This conference will explore potential areas of risk and the framework for the management of these risks.

Conference Chairman: **Michel PRADA**
Chairman, Financial Markets Authority (AMF), Paris

FRIDAY 10 NOVEMBER

1405-1415 **Welcome and Introduction**
Michel PRADA
Chairman, Financial Markets Authority (AMF), Paris

1415-1500 **1 SAFETY OF MARKETS**

Surplus savings and the presence of low yields (particularly in bond markets) generate a shift to innovate financial instruments and to unregulated markets. This tendency might be exacerbated by the increase in the regulatory cost of accessing the regulated markets in Europe and the US. This session will provide a global review of the major capital flows and highlight areas of potential risk, including whether regulation may be having unintended consequences.

Speakers: **Hans RECKERS**
Member, Executive Board, Deutsche Bundesbank, Frankfurt am Main
George MÖLLER
Chief Executive, Robeco, Rotterdam

1500-1600 **2 RISKS IN THE COMMODITIES MARKETS**

The shift in commodity prices as a result of the emergence of India and China as economic powers in need of energy and raw materials have created a major shift in asset allocation of investment portfolios to include additional weighting and exposure to commodities. What are the market trends? What are the possible sources of risks? Are these properly weighted?

Speakers: **Martin ABBOTT**
Chief Executive Officer, London Metal Exchange (LME), London
Jan-Peter ONSTWEDDER
Head of Risk, BP plc, London

1600 Photograph and Tea (in Green Room)

Support for this meeting has been generously provided by ROBECO

FRIDAY 10 NOVEMBER (continued)

1645-1745 **3 BOND MARKETS**

The comprehensive framework integrating the EU Single Market focused to a large extent on equity markets. However, as traditional lines between instruments and market segments become blurred, regulators are re-thinking the framework for bond markets (in context of IOSCO, the EU Commission, etc) and are also looking to the past US experiences. This session will explore the latest trends in bond markets in the light of the numerous regulatory initiatives.

Speakers: **Jean-Pierre CASEY**
Head of Research, European Capital Markets Institute, Brussels
Robert GRAY
Vice Chairman, (ICMA), London

1745-1915 **4 PARALLEL BREAK-OUT SESSIONS**

Three parallel discussion groups will pursue in greater depth topics related to earlier sessions

TOPIC 1 – Product Regulation (in the CONFERENCE ROOM)

Session 3 explored the blurring of traditional boundaries between instruments and markets. This follow-up group will discuss whether regulation should be based on a product or a functional approach.

Speaker: **Niall BOHAN**
Head, Asset Management, DG Internal Market, European Commission, Brussels

TOPIC 2 – Unbundling (in the COMMON ROOM)

In the past the transaction costs paid by institutional investors were bundled together so that general services and research parts of the deal were subsidized by fees paid for other services. With unbundling there will now be a price for research. This is expected to result in a big change in the psychology of the investor with possible implications for the efficiency and safety of markets. This group will explore the ramifications of unbundling.

Speaker: **Christina SINCLAIR**
Head, Institutional Business Policy Department, Financial Services Authority (FSA), London

TOPIC 3 – Changing Role of Self Regulation and Exchanges (in the LIBRARY)

The role of exchanges has been changing all over the world as a result of demutualisation, regulatory changes, transformation of exchanges into for-profit companies listed on exchanges like other companies, and increased competition. This session will look at the implications of these developments for the safety of markets and specifically focus on the governance structures of exchanges and the policy issues that arise from their changing role in the oversight of markets.

Speaker: **Poul Erik SKAANNING-JØRGENSEN**
Senior Vice President; Head, EU Regulation, OMX / Copenhagen Stock Exchange

1915-2000 Reception (in the Green Room)

2000 **Conference Dinner**

Speaker: **Professor Chester SPATT**
Chief Economist, Office of Economic Analysis, Securities and Exchange Commission (SEC), Washington DC

SATURDAY 11 NOVEMBER

0730-0840 Breakfast and Payment of Bills

0845-1000 **5 DERIVATIVES**

There has been a great deal of attention recently as to whether risks emerging from derivative markets are properly understood. Opinions remain divided. This session will explore the evolving role played by derivatives in capital markets and the potential areas of risks.

SATURDAY 11 NOVEMBER (continued)

Speakers: **Jean Pierre MUSTIER**
Chief Executive, Société Générale Corporate and Investment Banking, Paris
Hugh FREEDBERG
Chief Executive, Euronext.Liffe, London
Patrick YOUNG
Chairman, Derivatives Vision, Monte Carlo

1000-1115 **6 SECURISATION – IMPACT OF THE NEW BASEL ACCORD**

Securitisatio n techniques are now well accepted in the market place. In theory they should enhance the safety of markets by improving market liquidity and by achieving a better matching between different types of risk and investor willingness to assume risk. In practice the story of the last few years is not so straightforward. This session will explore the growth of new financial instruments and securitised markets world wide and the driving forces in different market segments in the light of the new Basel II capital adequacy framework and the newly proposed SEC rules on securitisation. Some observers believe that its growth will be much less rapid as a result of the new legislation. Others see areas of constant growth, such as mortgages, securitisation linked to private public partnership etc.

Speakers: **Alexander BATCHVAROV**
Managing Director, International Structured Credit Research, Merrill Lynch, London

1145-1300 **7 RISK MANAGEMENT IN A GLOBAL ENVIRONMENT**

Differences in the approaches to the implementation of Basel II may suggest different appreciation of risk across the Atlantic. Other recent developments, such as the CFTC's review of what constitutes a foreign board of trade, underline the increasing significance of global integration of marketplaces. In this concluding session, we will discuss if the main risks in the financial markets may have migrated from banking to other sectors, such as commodities or unregulated securities trading, and what role the EU-US dialogue may play in addressing these risks.

Speakers: **Walter LUKKEN**
Commissioner, Commodity Futures Trading Commission (CFTC), Washington DC
Alexander SCHAUB
Former Director General, DG Internal Market, European Commission, Brussels

1300 Lunch

1415 Participants Depart