

# **ACI Macedonia – Bitola 11 12 oct 2008 13th Annual General Assembly**

## **Speech by Jean-Pierre Ravisé ACI Managing Director**

First of all, on behalf of the ACI President Manfred Wiebogen, I wish you all a very successful General Assembly. Unfortunately, your general assembly coincided with that of ACI Austria and so he could not be present here today.

For me it is a great pleasure and honor to be with you, my first stay in Macedonia. You are a young club, dynamic, still highly motivated and growing fast; since 2001. I presume, many of you were not born when I became ACI member in 1974!

Allow me now to give you a brief overview of ACI's Evolution and subsequently a few remarks on "the current financial crisis"

ACI is ==> 53 years old,  
Has ==> 13,000 members  
From ==> 70 countries

Born just 10 years after WW2, exchange controls started to disappear in certain countries; progress in telecommunications and increased cross-border trade created the need for banks to engage more and more in FOREX. Meanwhile, people needed to know with whom they deal, and so was created the: **ACI SOCIAL CLUB**.

As the club grew, new countries from far east and middle east joined so today, we have four national associations: Europe, Americas, Middle East, and the Far East.

**ACI THE "PROFESSIONAL MARKET ASSOCIATION BY THE MEMBERS TO THE MEMBERS":** *The Association has a clear mission statement to be a leading global association of wholesale financial market professionals contributing to the market development through education, market practices, technical advice and networking events.*

Since more than 20 years ACI advocates its own Model Code, which was regularly updated  
Since more than 20 years ACI runs an education program for its members and today, offers well recognised certification in three programs: ACI Dealing Certificate, ACI Operations Certificate and ACI Diploma.

Following the explosion in FOREX Trading, which reached an average daily turnover of USD 3.5 Trillion according to the Bank for International Settlement Report (BIS), the mission of ACI is more important now than ever.

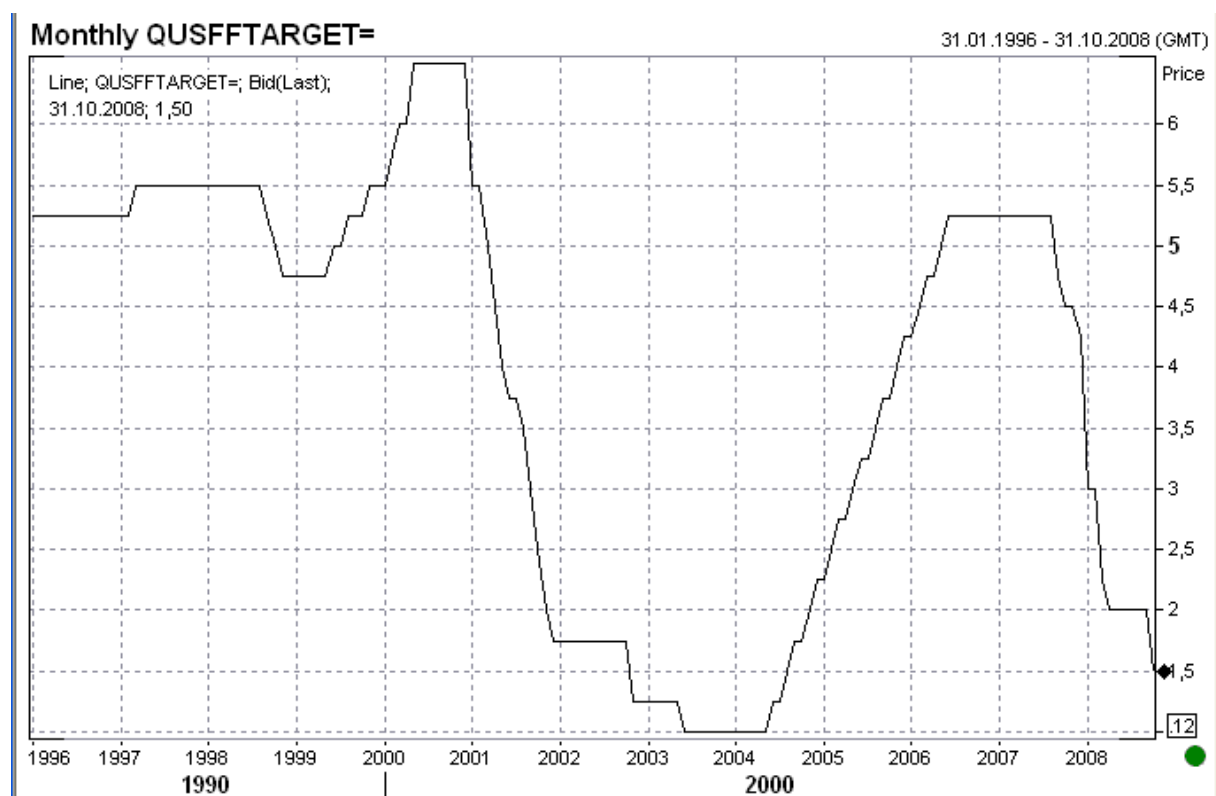
Before moving on, may I invite you all to check our web portal, [www.aciforex.org](http://www.aciforex.org)  
Here, you will find essential information on ACI Past and Upcoming Events, Discussions on Market Topics, the ACI Briefing which is published quarterly and much more.

## Now the markets!

First, lets have a look at the past.

During the past 20 years, the banking and financial system, faced several crisis: Savings and Loans, Real Estates, Hedge funds, Currency Devaluations in Europe, in the Americas but also in Japan; The Federal Reserve to protect is banking system always decreased the rates to help financing banks and give rooms for commercial margin.

If you watch the fed funds rates during the last 20 years you can easily see it.



Easy money is opportunity for borrowers, but not appreciated by investors, individuals or not. In the same time BIS with regulatory authorities attempted to consolidate the banking system, liaising the total lending to the capital: Cook regulation in the late 80 was replaced later by BASEL 2 regulations.

The growing world economy produced a huge volume of hot money, as it was called in 1929, looking for quick return. And why quick return? Simply by the introduction of price value on almost every line of balance sheet.

So in one side, huge volumes of money, easily available, at a low price. On the other side:

- investors expected high return on shares,( the target for return on equities between 15% and 20% when the state paper averaged around 4% )
- shareholders expected high returns, so came “new products”
- The financial industry, worldwide attracted young, well educated mathematician engineers, huge salaries, lot more than in other “traditional industries”
- The increasing money supply raised price for commodities, oil, food, metals, and real estates.

And this brought us to where we stand today.

Banks packaged their loans, sold it around, earned commissions and disregarded risks. The funds buy bonds and asked Assurance Company to upgrade the risk. They obtained high notions with sort of useless guarantees but Easy to sell!!

But creativity is a human behaviour as is Greed. The young engineer evolved, built huge positions through leverage (Lehmann had a leverage of over 30) all the way motivated by huge bonuses, fat salaries and stock options.

In the real estate the increase in price pushed people to borrow and banks to lend on “future price expectations” dream selling!

When American economy started to slow down, end of 2006, real estate started to fail,” and expectations turned out to be different”, borrowers got difficulties to cope with maintaining their obligations and so own.

All leveraged products, crashed and suddenly new words emerged: Sub-Prime, ABS, CDOs, and all their related cousins. Then, all of a sudden, banks and insurance companies, money funds and investors started losing money, huge amounts of money.

And our activity as treasurers is directly impacted by this, not by the “virus” itself but by the inherited credit risk.

Treasurer you are the heart of the bank’s body, you distribute money in all essential parts of the body, you borrow for your needs and you lend the surplus. But with the actual situation, every one is suspicious of everyone, and so nobody is allowed to lend in fixed prices due to very strict internal rules.

So Treasurer: Be Professional

- Follows your bank internal rules.
- Read, again, ACI Model Code.
- Never Buy a product you can’t fully understand.
- Never Sell to your clients a product you can’t understand.
- Be sure your management knows what you are doing.

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## Jean-Pierre Ravisé

*Born 1944 - married - five children.*

**Since December 2005: Managing Director** ACI the financial Market Association

**Since February 2004:** LCH CLEARNET SA independent non-executive Director, member of the Board - Audit Committee member. LCH Clearnet SA is central counterparty for the Euronext markets

**Since January 1999:** Financial Service Compensation Scheme - Chairman of the Investment Committee

**May 1990 to February 2004: CREDIT DU NORD PARIS (GROUP SOCIÉTÉ GÉNÉRALE)** Executive vice President, member of the Executive Committee - Member of the Managing Committee

2000 to 2004: In charge of the financial activities of the Group: IPO, M&A, Project financing, Capital investment.

Chairman of the stockbroker Gilbert DUPONT

Chairman of the fund management company ETOILE GESTION. The two companies are CREDIT DU NORD subsidiaries.

1990 to 2000: managing director foreign exchange and money market

1996 to 2001: in charge of the EURO project for the CREDIT DU NORD Group

**April 1965 to May 1990: CRÉDIT INDUSTRIEL ET COMMERCIAL**

1979 to 1990: in charge of the money market, foreign exchange and bond markets

1976 to 1979: in charge of the set-up and development of the foreign exchange and treasury activities in the NY branch

### OTHER RESPONSIBILITIES

#### French Banking Association

Member of the prudential committee 1998 - 2004

Member of the Financial Committee for financial affairs 1995 - 1998

In charge of the transition to EURO of the Paris financial place 1995 -1999

Member of the Euribor committee 1996 - 2002

#### Conseil des Marchés Financiers (CMF)

Member of the foreign and treasury committee 1996 - 2004

#### A C I /FOREX

Secretary FOREX Club France 1980 - 1984

Chairman FOREX Club France 1984 -1987

Chairman AFTB 1994 1997

ACI Treasurer 1987 - 1994

AFTB HONORARY CHAIRMAN

ACI HONORARY MEMBER

Promoted Chevalier Ordre du Mérite (French decoration minister of finance) in 1995

#### EDUCATION AND TRAINING

- Alternative Dispute Resolution Course  
Paris Chamber of Commerce - 2005

- Business Course in New York - 1977 -  
1978

- Graduated from the French Banking  
Institute - 1969