



## ACI -The Financial Markets Association

Speech delivered by Manfred Wiebogen,  
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President ACI The Financial Markets Association,  
at the 14<sup>th</sup> Annual General Assembly of **ACI Macedonia**,  
Ohrid, September 26<sup>th</sup> 2009

Dear Governor,  
Distinguished Guests,  
Member of ACI Macedonia and Board Members

First let me express my best regards to all of you – and take my apologies that I could not make it to your General Assembly this year due to a lot of different obligations.

The times are quiet busy:

- Last week we had an ACI Executive Board Meeting in Paris where the future **business plan and strategy of ACI International** was presented and discussed. The fine tuning will be given to ACI's Council during the next meeting which will take place in November in Paris.
- This weekend, and this is the reason for not being amongst you I'm participating at the '**Pan-European Banking Meeting**' in Venice. The topic will be "*Evolution of Monetary market in Euroland – New Tools of Liquidity*".
- Next week I shall participate at the EUROFI 2009 meeting in Göteborg: European working groups will present their results on "**What priorities for the incoming European authorities in light of the financial crisis?**"

Next stations will be Minsk/Belarus (talking on 'Ethical in Financial Markets'), 50 years ACI Austria, ICA-congress in Beirut (the ACI Association in the Middle East and Gulf area) followed by an invitation to Beijing (talking and meeting with the CICMF – Chinese International Capital Market Forum) etc. ....

Well, a lot of meetings and conferences, each of them will be important in these days because of the ongoing crisis. All impressions might be included into our further movements and programmes

If you still remember, last time I visited Macedonia was at your 12<sup>th</sup> Annual General Assembly, taking also place at the nice location of Ohrid in October 2007. In these days I was talking about the issue of the latest BIS report (figures on turnover in the financial markets), I was talking about ACI as an association and about our challenges and my concerns in the financial markets and some visions.

What has changed since then?

We all have experienced very painfully the changes in our markets due to the sub-prime crisis in 2007 followed by the fall of Lehman in 2008.

- risk managers in banks turned down a lot of credit lines – which we all do need for our daily trading business
- this was the begin of the mistrust amongst banks
- Money markets turned down to only very short term lending and recovered to (if we are luckily) periods up to 3 months again
- Enormous differences between ‘official fixing rates’ and real market rates
- Inventing a ‘two tier society’ in interbank money markets
- Still Central Banks (headed by the European Central Bank) are pumping in liquidity into the markets – granting for the banks balances
- Banking suffered in public in general; previously highly reputed banking turned now to a standing of ‘politicians’ (which often is not that positive in some western world countries)
- Etc.

Some economies are showing signs of recovery.

Will it be sustainable?

Will the financial markets industry find a way back to ‘normality’?

What will be the consequences for the FX Markets and Money Markets?

Many questions are still ahead of us. The financial crisis has highlighted just how little is known about the structure of banks’ international balance sheets and other issues of interconnectedness. Nowadays we are all waiting for what the regulatory environment comes up with next ...

What is ACI The Financial Markets Association at all? Here I just do want to stress, that our traders **did not cause** the crisis. We are mainly composed by FX and MM traders from both sides, trading and sales! Sub-Prime or losses in structured products or CDS (Credit Default Swaps) was not represented by our trader’s community! We can be proud of that as it shows ACI’s strong ethical behaviour in the markets (just to remember our Model Code and our Education programme). Nevertheless – we are suffering of course a lot due to the upcoming liquidity crisis and mistrust amongst banks.

Anyhow – the financial markets will need some further regulations – let me just think about i) **short selling of equities** in markets, ii) **commodity trading** (which does have direct impacts to inflation), iii) **leveraging** in different ways (how much ‘cash’ underlying will stay available in days of market shortage or maturities), iv) even may be a review on some **settlement** issues (sometimes too much dominance by just a couple of banks) and may be some more.

But we definitely do not need over-regulation in our markets. I’ll try to keep a close look at the tendencies at next weeks EUROFI meeting in Göteborg. I’m proud representing the biggest market in the world in terms of daily turnover. Just one figure:

- the daily FX-trading volume is about \$ 3,500 billion (threetausend and fivehundred billion) a day !!!
- this is much bigger than the volumes of the New York Stock exchange (\$ 105 billion/day) and all European Exchanges including Middle East and Africa (\$ 70 billion/day)

These FX markets are working – without any regulatory environment. Any invention of a financial transaction tax (and politicians are just looking behind volume figures) will have impacts on the end user, the consumers. Authorities need to be very cautious in what shall become implemented!

Again, we as ACI try to watch very carefully these developments being able to help and assist regulators when needed.

Let me conclude my message by repeating some of our values of ACI.

ACI is a standard of the International Financial Markets in terms of

- maintaining the *professional level of competence* and the ethical standards of loyalty,
- committing to maintain the *highest possible* standards in their profession by setting an example of propriety and best ethical behaviour in business,
- by market *liquidity provided* by their traders
- by giving advice and offer *arbitration services* on professional disagreements
- by offering a *third party certification* (ACI Dealing Certificate, ACI Operations Certificate and the ACI Diploma)
- and by personal and company *networking* (which becomes more important in these days of crisis)

ACI is currently working on some additional special projects, but we first will show up at our next meeting in November in Paris.

Dear Milena and Executive Board of ACI Macedonia. I thank you very much for your big efforts within our financial markets community. I do know, it's all on a voluntary basis and very time consuming. Nevertheless the markets and our members do need you.

On behalf of ACI's Executive Board I do wish you all a nice and fruitful networking event and good days in Ohrid.

**Manfred Wiebogen**

President ACI The Financial Markets Association

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Manfred Wiebogen, President ACI – c/o VOLKSBANK Austria

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