



Manfred Wiebogen, President ACI The Financial Markets Association
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Dear Governor
Dear President and Board Members
Dear ACI Members
Dear Sponsors,

Let me start with congratulating the ACI Macedonia community for celebrating today its 15th Annual Assembly. Due to my participation at a liquidity conference in Italy this Friday and Saturday unfortunately I could not manage it to be amongst you – but I promised to Emil to do so at one of the next occasions.

ACI International, founded in 1955 – being nowadays 55 years old – recently celebrated its 49th congress in Sydney. At this occasion I became re-elected for another term of three years and Michael Gibbens from Toronto Dominion Bank, Canada was elected new Board member representing the Americas. Thank you for your trust by voting unanimously.

At ACI's Council Meeting in Sydney 52 countries were present, representing a total vote power of 12,216 members. This represented a record within the past 20 years.

I shall give you a brief summary of the Council and Executive Board discussions and confirmations:

- Election new international President (2010 – 2013)
- Confirmation new Representative Americas
- Seek for market experts supporting the Board of Education
- Re-profiling of the Committee for Professionalism
- Seek for a new CFO for ACI
- Presentation of actual ACI Projects (1. Intranet, 2. Membership, 3. Marketing Brochure, 4. Working Groups, 5. Publishing fixings at ACI Web, 6. Rate Tickers at ACI Web, 7. Founding of an ACI FX-Committee, 8. ACI FX-Conference in New York, 9. Press Releases project, 10. Visio Conference, 11. New ACI accounting

ACI Cooperation

FSFM – Frankfurt School for Finance and Management (which is our Academic Partner for Education and quality control)

SMU – Singapore Management University (which went into closer cooperation with ACI Asia)

ICMA – International Capital Markets Association

EBF – European Banking Federation

ICA – Inter Arab Cambist Association

Maybe ACI is the oldest and still biggest wholesale financial markets association in the world. Very early our forefathers understood and anticipated the importance of creating an international association based on individual trader's membership to tackle the challenges arising from the financial markets. *My word is my bond* – this is the slogan which became created by them. A business built up on trust and values and respect.

Do you remember how many financial crisis we have seen over the past years? Once the IMF made a survey and identified far more than 220 financial crisis during the past 25 years! This just underlines the importance for having an association like ours in place, focussing on

- a traders network (enabling a well functioning market by the principles of *know your customer*)
- by *exchanging of expertise* amongst markets professionals on events like yours here today
- by *connecting to the vendors* industry learning about latest technology trends
- by *moral and ethical behaviour standards* in the markets
- by *examining and certifying our traders* but also back- and mid office staff according to our standards of knowledge by market professionals who are being the benchmark in our industry.

Let me draw the attention and remind to you the role of our traders at the peak of the financial crisis (the liquidity crisis we experienced the months after the fall of Lehman in 2008). It were mainly the money markets and liquidity traders, who managed to keep the markets on going when risk managers closed down many of the interbank credit-limits but also other risk limits – of course besides the rigorous help banks received by Governments and Central Banks in these days.

Now ACI is challenged to spot on regulatory initiatives which are in the pipeline and which once might become realized. For sure there always will be some room for improvements but still we have to take care that markets do not become over regulated.

ACI actually focuses on topics like the following:

- **Proprietary Trading**

The so called Volcker rule is a populist measure which was initially welcomed (with some reservations) from EU officials, but subsequently dismissed. Meanwhile, banks have warned that it is not banking profits what market needs to worry about but the ultimate effect on liquidity and market debt.

- **OTC Derivatives** – concern by regulators:

OTC Derivatives are used to transfer a type of risk from one firm to another, usually banks. The market size exceeds US\$ 600 trillion in outstanding notional amounts; making it the second largest market in the world and second only, to foreign exchange. The main concerns for regulators are

- o A) systemic risk
- o B) concentration risk
- o C) complexity to understand
- o D) challenging to value times of crisis

- **Basel III and new liquidity rules** – (a call for a large quality liquid asset pool to withstand a 30-day freeze in the credit markets)

For the third time the Basel club of bank supervisors has published new proposals on capital and bank liquidity which may come into force with the start of 2013. American banks still have to implement Basel II. In essence regulators want banks to have ticker insulation against potential losses.

- **MiFID** review in Europe

MiFID is moving up the agenda, with a major review due this year that is likely to see its post-trade transparency regime for equity markets extended to non-equity markets..

Just this week the Euribor ACI Money Market & Liquidity and Derivatives Working Group responded to the BIS and European Commission at 'International framework for liquidity risk measurement, standards and monitoring – a copy was sent to all National Associations.

Well the time is now here for all of us staying tuned on which steps are taken from regulators so that we as ACI together with other associations will have to possibility to assist at reforms.

I do wish you all a very nice General Assembly and great weekend

Manfred Wiebogen

President ACI The Financial Markets Association