

CONTENTS

EDITORIAL COMMENT	Fighting rising regulatory costs	1
NEWS	SEC eases up on Sarbox • Bonds suffer from Sarbox regime • Online betting law “protectionist” says EU • US regulators to merge • New York losing out as financial centre • Extradition moves • Options fines formula nearly complete • SEC attacked over probe • G7 calls for vigilance on hedge funds • BVI’s new rules boost offshore regulation • Tiner stands down • LSE sees off Nasdaq ... for now • A £50m bill from the FSA • Looking for leaks • OFT focuses on fees • FSA rethink on listings • Banks fight compensation proposals ... • ...and are told to reveal account details • Warning on diversified portfolios • Revision of money-laundering rules • Brussels on the march • New ABS rules • NYSE approves Euronext deal • New money-laundering directive • French regulator imposes hefty fine on GLG... • ... while Italians suspend Goldman Sachs • Tokyo looks abroad... • ... and hands out record fine • Thailand tighten controls • Taiwan prepares for renminbi exchange • Korea’s new investment rules • Profits hit by new accounting methods	3
REGULATORY COSTS	Britain’s bureaucratic burden Rising regulatory costs have become unsustainable. Yet it is not the cost of the regulatory bodies themselves that are of most concern, but the compliance costs they impose upon business, writes Graham Bannock.	15
RULES VS PRINCIPLES	Regulation for grown-ups Britain’s growing mountain of regulation is an increasing burden to business. It is time to find a clear way through the regulatory jungle, writes David Rouch.	19
EUROPEAN UNION	Why London cannot go it alone Talk of the City taking a pick and mix approach to the EU’s FSAP ignores the contribution London should make to European regulation, writes René Smits.	21
	Overrated, over-sold and over here Keith Boyfield assesses the possible impact – and cost – of the EU’s Financial Services Action Plan on Britain’s financial services industry.	27

THE Financial Regulator

Volume 11 Number 4 – March 2007

SHARE SCHEMES	Scandals overshadow share schemes A series of scandals in the United States has raised regulatory concerns about share schemes, writes Janet Cooper.	34
FINANCIAL LITERACY	The great innumeracy epidemic Regulators and governments need to wake up to the challenges posed by growing financial illiteracy, writes Gerard Caprio, Jr.	37
SLOVAKIA	Interview: Slavomir Stastny Justin Key speaks with a senior board member responsible for regulation at the National Bank of Slovakia.	45
ISLAMIC FINANCE	Regulating Islamic finance Hari Bhambra highlights the main issues facing regulators of Islamic Finance.	49
	New products, new challenges Hamid Yunis looks at how the ongoing growth of Islamic finance poses new regulatory challenges.	53
RATING AGENCIES	Ratings duopoly maintained The recent laws passed to reform US credit ratings agencies do very little to curb their unregulated power, writes Andrew Fight.	57
BOOKNOTES	The Political Economy of Financial Market Regulation. The Dynamics of Inclusion and Exclusion. Edited by Peter Mooslechner, Helene Schuberth and Beat Weber. Edward Elgar, 2006. Reviewed by Marc Quintyn. Bank Restructuring and Resolution. Edited by David Hoelscher. Palgrave Macmillan/International Monetary Fund, 2006. Reviewed by Michael Taylor. When Washington Shut Down Wall Street: The Great Financial Crisis of 1914 and the Origins of America's Monetary Supremacy. William L. Silber. Princeton University Press, 2007. Reviewed by Edward Waitzer.	61