

CENTRAL BANKING ANNUAL TRAINING
COURSE/SEMINAR SERIES 2001

THE EMERGING FRAMEWORK OF FINANCIAL REGULATION

The only independent world forum for financial supervisors

4-day intensive residential programme

World-class presenters

Adviser:
Professor Charles Goodhart



Venue:
CHRIST'S COLLEGE CAMBRIDGE,
SEPTEMBER 9-13, 2001

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THE EMERGING FRAMEWORK OF FINANCIAL REGULATION

The Financial Regulator's annual seminar/training course

**CHRIST'S COLLEGE CAMBRIDGE,
SEPTEMBER 9 – 13, 2001**

Dear Delegate,

Over the next two years financial market authorities, participants and professional advisers in financial regulation face a combination of challenges.

- A rapidly changing marketplace;
- Unprecedented pressure to conform to international minimum standards;
- The urgent need to implement a major new risk-based approach to banking supervision in the shape of the new Basel Accord;
- Increasing demands to measure and demonstrate their effectiveness.

The Financial Regulator's seminar/training course has been designed to equip financial regulatory professionals from around the world to understand and adapt to these developments.

MONDAY: New market structure and actors

Capital markets are changing at unprecedented speed and becoming increasingly complex and interconnected. Internet-based financial entities are beginning to undercut established rivals, and key institutions are merging to form financial conglomerates which span the globe. This session examines some of the key challenges posed by these developments. Finally, we examine whether supervisors can develop early warning systems to help forestall financial instability.

TUESDAY: Global standards for financial supervisors

Besides changing markets, national supervisors and market participants face a radically-altered landscape of international regulatory cooperation. In particular they are now asked to conform to a series of international minimum standards for financial sector supervision, data reporting, transparency and others. Some of the key personnel involved discuss the implications for supervisors.

WEDNESDAY: The new Basel accord

The Basel Committee has set an ambitious timetable for the implementation of its complex new accord which requires supervisors around the world to develop new skills and exercise a host of new and complex judgments about the way banks manage risk. In particular:

- Assessing risk management skills of financial institutions;
- Setting discretionary levels of add-on capital charges;
- Consolidated supervision under the new accord;
- Use of internal and external ratings;
- Assessing and calibrating risk models;
- Operational risk modelling.

THURSDAY: Measuring regulatory success

Supervisors are under intense pressure to demonstrate that they are operating efficiently and proportionately.

- How can supervisors match outputs to statutory objectives?
- What role can cost-benefit analysis play?

In all areas, this seminar is designed to give supervisors and directors of regulatory affairs and their advisers an opportunity to “benchmark” their work against best practice in key areas and to exchange views with their peers in an informal setting.

The conference organiser and sponsor, *Central Banking Publications Ltd*, is an independent financial publishing house specialising in research and consultancy into public policy and financial markets. Since 1996 *The Financial Regulator Journal* (published by *Central Banking Publications*) has been at the forefront of reporting and analysing the developing agenda of international financial regulation.

The Financial Regulator is backed by a distinguished advisory board whose members include: **Anthony Neoh**, former chairman of the Hong Kong SFC and of the IOSCO technical committee; **Edward J. Waitzer**, former chairman of the Ontario Securities Commission; **Alan Cameron**, former chairman of the Australian Securities and Investments Commission; **Brian Quinn**, former executive director of the Bank of England and **Professor Richard Dale**, from the University of Southampton.

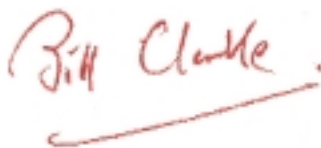
Distinguished panel of experts

Among the distinguished panel of expert presenters at the course in September will be leading financial supervisors, central bankers, practitioners and academics:

Alan Cameron, former chairman, Australian Securities and Investments Commission
Alastair Clark, executive director, Bank of England
Dr Jon Danielsson, London School of Economics
Lord Eatwell, president, Queens College Cambridge
Charles Freeland, deputy secretary general, Basel Committee
Richard Farrant, former managing director of the UK Financial Services Authority
Professor Charles Goodhart, Professor of Economics, London School of Economics
Kenneth Lay, Treasurer’s Department, World Bank
Guy Morton, partner, Freshfields, Brukhaus, Deringer
Brian Quinn, former head of supervision and surveillance, Bank of England
Jeremy Quick, operational risk manager, UK Financial Services Authority
George Vojta, former vice-chairman, Bankers Trust
William Witherell, director, Financial, Fiscal and Enterprise Affairs, OECD
Professor Geoffrey Wood, City University Business School

For more information about the programme, please read on.
I look forward to welcoming you to Cambridge.

Yours sincerely,



William Clarke, CBE, PhD
Chairman, Central Banking Publications

MONDAY 10th SEPTEMBER

NEW MARKET STRUCTURE AND ACTORS

Global and national financial markets continue to develop at breakneck pace. Financial market authorities around the world have to run to keep up. We examine some of the key drivers for change in regional and national financial markets.

Kenneth Lay

Treasurer's Department, World Bank

Key trends in international capital markets

What will be the dominant trends driving change in the money and capital markets in the coming years? What are the implications of the slowdown in the US economy and especially the tech sector? How will the new Basel capital rules affect the international macroeconomy over the coming years? This session sets the scene for those which are to follow by exploring the changing financial landscape in international capital markets in particular examining likely developments within (a) OECD countries (b) middle- and high- income emerging markets (c) low-income countries.

Jeremy Quick

Operational Risk Manager, UK Financial Services Authority

What e-finance means for supervisors

Despite the bursting of the dot.com bubble, e-finance (the provision of financial services over the internet) still concerns supervisors, who face serious challenges regulating banks and brokers trading online. First, they must understand the new risks and security problems which institutions can face online. Second, they need to understand and adapt to the regulatory implications of cross-border electronic transactions. Here, a member of the Basel Committee's study of the implications of electronic banking describes this initiative and the UK FSA's approach to online finance.

Glenn Hoggarth

Financial Stability Wing, Bank of England

What financial conglomeration means for supervisors

Within the last five years, the world's largest financial institutions have grown much larger due to mergers between banks and other financial institutions. The challenges of supervising these large merged institutions are driving the supervisory agenda in London and New York. Here we examine what this increase in size means for financial supervisors – both as home and host regulators.

Alastair Clark

Executive Director, Financial Stability Wing, Bank of England

Lord Eatwell

President, Queen's College

Early warnings of financial instability

Supervisors need access to forward-looking macroeconomic analysis to determine where financial stress may occur. However, the ability to predict the next financial crisis is still some way off. In the meantime, what can financial supervisors do to limit the harmful effects of currency and capital market volatility? What kind of early warnings are available?

TUESDAY 11th SEPTEMBER

GLOBAL STANDARDS FOR FINANCIAL SUPERVISORS

Udaibir Das

Monetary and Exchange Affairs Department, International Monetary Fund
Standards and codes and the role of the IMF

The IMF is taking the lead role within international financial institutions in assessing how well member countries implement international financial standards, through their Financial Sector Assessment Programme and Reports on the Observance of Standards and Codes. How do the IMF approach their assessments? How can countries being assessed best manage the process?

William Witherell

Director, Financial, Fiscal and Enterprise Affairs, OECD
The OECD and standards

One of the crucial tasks of the standards assessment project is to ensure that standards are appropriate for the jurisdictions expected to adopt them. Here, using a case-study approach, we examine the OECD's recent harmful tax initiative and consider how small jurisdictions and regulators attached to them should respond to the pressure to adopt these new sets of rules.

Marcus Killick

Partner, KPMG (leader of the review of the overseas territories)
Case study: UK overseas territories

Over the course of the last two years, six of the UK's overseas territories have been subjected to a rigorous examination of their financial sector. This case study examines the process from the point of view of those involved and considers how the relevant authorities can best react to the results of an assessment. What help is available in capacity building and planning for the resource implications of reform?

George Vojta

former vice-chairman, Bankers Trust
Standards and the private sector

This session takes a practitioner's view and argues that standards-based reform can be of distinct benefit to regulators around the world by their influence on private sector actors. The speaker also outlines some of the initiatives underway to provide help with implementation and training.

George Vojta, Marcus Killick, Udaibir Das, William Witherell and Charles Freeland
Round table – standards in a world of globalised finance

Professor Charles Goodhart

Professor of Economics, London School of Economics
Measuring performance in central banking and financial regulation

Charles Goodhart has unrivalled experience as a practising central banker and a leading scholar of central banking and financial regulation. He draws on both practical and theoretical experience in this presentation on measuring performance. How can central banks set and monitor standards for their own performance whether in the fields of monetary policy or in supervision? Should they set internal standards distinct from those set for them, explicitly or implicitly, by parliament or the public? In short, how do central bankers know when they are doing a good job and when they are falling short?

WEDNESDAY 12th SEPTEMBER

THE NEW BASEL ACCORD

Charles Freeland

Deputy secretary general of the Basel Committee

Implementing Basel II – new judgements, new skills, new staff

The proposed revision to the Basel capital accord will radically alter banking supervision around the world. This presentation details the key features of the new accord from the point of view of the supervisors who will be faced with implementing it. What are the key new skills demanded of supervisors, and how can they develop them?

Dr Jon Danielsson

London School of Economics

Implementing the credit proposals – IRB approach and risk modelling

At the core of the new accord is the proposal that banks' capital changes should be more risk-sensitive and depend more on the way in which banks themselves assess credit risks. Advanced options in the accord will involve extensive use of credit and operational risk models. We examine some of the difficulties which this may pose.

Colin Lawrence

Former global head of risk management, Barclays Capital

Key skills – pillar 1

The first pillar of the accord sets forth a series of new treatments for setting capital charges. The intention is that all supervisors should have adopted this by 2004. This will require central bankers and supervisors to evaluate and ratify risk management practices, even as banks themselves upgrade systems. We examine the key stages in the development of risk management systems, and look at the various inputs which supervisors will have to supply to calibrate these models.

John Tattersall

Head of regulatory practice, PricewaterhouseCoopers

Key skills – pillar 2

The second pillar of the accord is supervisory review. Under this approach supervisors will be expected to raise or reduce capital charges according to their judgements about how well individual banks manage risk. For most supervisors this is a clear departure from a non-discriminatory rule-based approach. How can this capacity be introduced? How can regulated banks aid the process?

Roundtable – Challenges to Supervisors from Basel II

Chaired by Dr Max Hall

Avinash Persaud

Global Head of Research, State Street Bank

Pillar III

The final pillar of the new accord (disclosure) obliges banks to provide much more information about their balance sheet and risk. This raises serious competitive concerns for many banks. What can supervisors do to encourage effective market discipline and disclosure?

THURSDAY 13th SEPTEMBER

MEASURING REGULATORY SUCCESS

Alan Cameron

Former chairman, Australian Securities and Investments Commission

Measuring success: matching outputs to objectives

Under pressure to be seen to be “tough” yet wanting to avoid heavy-handed regulation, supervisors face a dilemma: they may be damned if they act and damned if they don’t. For this reason many regulatory authorities are trying to define more clearly what it is they can deliver, and what they cannot. This session examines the importance of well-defined regulatory objectives.

Isaac Alfon

Central Policy Unit, Financial Services Authority

Cost-benefit analysis in rulemaking?

One way for supervisors to demonstrate that they are acting in a proportionate manner is to perform cost-benefit analyses of proposed rule-making. More and more this is becoming a statutory requirement as it is for the UK Financial Services Authority on whose experiences this session draws.

ROUNDTABLE: MEASURING REGULATORY SUCCESS

Past seminar participants

Centrale Bank van Aruba	Banque de la Republique d'Haiti	Bank of Namibia
Oesterreichische Nationalbank	Securities Regulatory Commission (Ghana)	De Nederlandsche Bank N V
Central Bank of the Bahamas	Bank of Ghana	National Securities Commission (Panama)
Central Bank of Barbados	Bank of Greece	Bangko Sentral ng Pilipinas
Commission Bancaire et Financiere (Belgium)	Banque de la Republique d'Haiti	Poland's State Office for Insurance Supervision
Banque Nationale de Belgique	Securities and Futures Commission (Hong Kong)	Narodowy Bank Polski
Banco de Cabo Verde	Magyar Nemzeti Bank	Saudi Arabian Monetary Agency
Cayman Islands Monetary Authority	Sedlabanki Islands	Monetary Authority of Singapore
Superintendencia General de Valores (Costa Rica)	Bank Indonesia	South African Reserve Bank
Consejo Nacional de Supervision del Sistema Financiera (Costa Rica)	Banc Cennais Na Heireann	Sveriges Riksbank
Narodna Bank Hrvatske	Bank of Israel	Banque Nationale Suisse
Danmarks Nationalbank	Commissione Nazionale per le Societa e la Borsa (Italy)	Bank for International Settlements
Bank of Finland	Bank of Jamaica	Central Bank of China
Financial Supervision Authority (Finland)	Central Bank of Kuwait	Bank of Thailand
Ministry of Finance (Germany)	Bank of Latvia	Capital Market Board (Turkey)
Deutsche Bundesbank	Central Bank of Libya	Turkiye Cumhuriyet Merkez Bankasi
European Central Bank	Lietuvos Bankas	Bank Indonesia (USA)
Securities Regulatory Commission (Ghana)	Securities Commission (Malaysia)	Banco Central de Venezuela
Bank of Ghana	Labuan Offshore Financial Services Authority	Eastern Caribbean Central Bank
Bank of Greece	Bank Negara Malaysia	Bank of England
	National Bank of Moldova	Bank of Thailand (UK)

REGISTRATION FORM

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Course Fee: Total £2467.50 (£2,100 + VAT at 17.5%)

4 day (4 nights) residential course (5pm 9th September - 2pm 13th September)

Full-board, all course materials

A full refund will be given for cancellations received (in writing) up to 30 days before the event, but a handling fee of £50 will be deducted from the refund.

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