

CENTRAL BANKING
ANNUAL TRAINING COURSE/SEMINAR SERIES
– AUTUMN 2003 –

THE EMERGING FRAMEWORK OF FINANCIAL REGULATION



The independent world
forum for central bankers
and supervisors

4-day intensive residential programme
7 September – 11 September 2003

Series adviser:

Charles Goodhart, CBE

Professor of Banking and Finance
London School of Economics

Course director:

Dr Kern Alexander

Senior Research Fellow
Judge Institute, Cambridge University

Venue:

**Christ's College
Cambridge University**

UPDATED PROGRAMME
Limited places still available!
Book now before August 26!

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Dear delegate,

THE EMERGING FRAMEWORK OF FINANCIAL REGULATION

This training course/seminar aims to equip central bankers and financial regulators to meet one of the most difficult professional challenges which confronts them – the effective supervision of today's banking and capital markets.

By examining selected developments in financial markets, and the way in which the international regulatory community is responding, the course is designed to increase participants' ability to manage the coming changes.

The roundtable format allows the international group of delegates to learn from each other, and from the unrivalled expertise of an elite panel of speakers comprising leading regulators, academics and practitioners (see the following pages for details). All discussions are held in restricted groups to encourage lively and informal debate.

Key sessions examine the impact of the WTO negotiations on liberalisation of financial services and the wide-ranging implications for supervisors of the introduction of International Financial Reporting Standards. In addition, a speaker from the International Monetary Fund analyses the implications for supervisors and central banks of the IMF's expanding Financial Sector Assessment Programme.

Each topic allows participating supervisors and central bankers an opportunity to "benchmark" their work against best practice internationally and to exchange views with their peers in an informal setting.

For financial regulators – whose failures hit the headlines, but whose successes can go unrecognised – this process is invaluable. Participants learn from "tried and tested" regulatory solutions developed in other jurisdictions.

In addition, a key workshop, led by Charles Freeland, deputy secretary general of the Basel Committee, examines the latest developments in the new Basel capital accord and how regulators and central bankers can approach the complex issues of implementation.

This is the fifth year in which Central Banking Publications Ltd, publishers of The Financial Regulator journal, has hosted a seminar series in Cambridge. Already, more than 450 central bankers and supervisors from over 95 countries have benefited from one of these meetings.

We look forward to welcoming you to Cambridge.

A handwritten signature in blue ink that reads "William Clarke".

Yours sincerely,
William Clarke, CBE, PhD
Chairman, Central Banking Publications

MONDAY 8th SEPTEMBER

NEW MARKET STRUCTURE AND ACTORS

New risks in international capital markets – implications for financial regulation

Professor Avinash Persaud

Gresham College

What will be the dominant trends driving change in the money and capital markets in the next two to five years? What are the implications of continuing weakness in world equity markets? How will the new Basel capital rules affect the international macroeconomy over the coming years? This session sets the scene for those that 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 and (c) low-income countries.

How supervisors can manage national and international challenges

Roundtable discussion led by

Dr Kern Alexander

Judge Institute, Cambridge University

What are the key challenges currently confronting supervisors in their home institutions and jurisdictions? This session aims to provide an international perspective on the most pressing supervisory issues and developments. Delegates will each give a short introduction of themselves, and speak briefly on their main challenges and their experiences in tackling them. Through discussion and debate, delegates will have an opportunity to benefit from each other's expertise and experience.

Preventing financial sector disruption

John Trundle

Head of Market Infrastructure Division, Bank of England

Central banks and regulatory agencies have become increasingly aware of the importance of careful and robust continuity planning for financial sector emergencies from whatever source. The Bank of England takes a lead role in preparing and safeguarding the smooth running of the City in the event of major operational disruption. John Trundle, who heads the bank's market infrastructure division, explains the bank's approach.

Anti-money-laundering standards: what supervisors must know

Claes Norgen

President, Financial Action Task Force on money laundering

Fighting money laundering and the financing of terrorism has become a critical concern for financial supervisors. The recently-announced revision of the FATF 40 recommendations sets the international benchmark even higher. Claes Norgen, the FATF president who will oversee the new standards' implementation, here details what financial supervisors must understand about the new rules.

Practical issues in IMF Financial Sector Assessment

Udaibir Das

Monetary and Exchange Affairs Dept, International Monetary Fund

For the last four years, the IMF has been developing its Financial Sector Assessment Programme (FSAP) designed to identify financial sector weaknesses in member countries' economies. This process is already having a substantial effect on the practice of supervision in countries around the world. As experience on the ground accumulates the programme evolves, and this session draws out the key lessons from this four-year experiment. It also details how the Fund and national supervisors can best approach ongoing work.

TUESDAY 9th SEPTEMBER

BASEL II AND BANKING SUPERVISION

The emerging world of financial services liberalisation under the GATS – what it means for supervisors

Juan Marchetti

World Trade Organisation

The WTO General Agreement on Trade in Services (GATS), the first multilateral trade agreement to promote the liberalisation of financial and other services, is an important new element in the international framework applicable to the regulation of the financial sector. In November 2001, WTO ministers meeting in Doha (Qatar) decided to launch a broader round of trade talks, and gave new impetus to the negotiations on trade in services. This raises numerous critical issues for financial supervisors. Liberalisation can weaken domestic financial services firms and possibly undermine prudential controls and financial stability. This presentation updates delegates on progress and prospects at the negotiations.

Practical problems in implementing Basel II – new judgements, new skills, new staff

Charles Freeland

Deputy Secretary General of the Basel Committee

The proposed revision to the Basel capital accord will radically alter banking supervision around the world. With the new rules nearly finalised, this presentation details the key features of the new accord, in particular focusing on the latest changes incorporated in the recently-issued third consultation paper. What are the key new skills demanded of supervisors, and how can they develop them?

Exploring the implications of Basel II for supervisors

Panel discussion

Charles Freeland, Professor Geoffrey Wood, Dr Kern Alexander

With the release of the Basel Committee's third consultative paper on the new Basel capital accord, the final shape of the new structure is now apparent. Implications for banks have been extensively tested in the committee's quantitative impact studies. However, what are the implications for supervisors who will have to implement the new rules? This group discussion aims to explore some of the different options available, and consider the impact of each for central bankers and financial supervisors in both developed and emerging markets.

Reconciling financial stability with the lender-of-last-resort function

Professor Geoffrey Wood

Cass Business School

Central banks face no more controversial decisions than those involving their lender-of-last-resort role. Because decisions to provide emergency liquidity to the banking sector are frequently made in times of crisis, it is critical that central banks and supervisors have well-thought-out legal and operational contingency plans. This session examines the impact of LOLR on the central bank's core functions and on its critical responsibility to deliver financial stability.

WEDNESDAY 10th SEPTEMBER

CAPITAL MARKET DEVELOPMENTS

Major developments in EU securities markets

Crispin Waymouth

DG Internal Market, the European Commission

Under the new structures recommended by the Lamfalussy report, key decisions on the structure of European securities markets are underway. The European Commission is the lead institution in the regulatory process and this session aims to sketch emerging market structures. This module will address the legal/regulatory framework supporting the secondary market for government debt, and touch on the framework used to supervise major market participants such as banks and pension funds. Regulations regarding asset management for institutional investors will also be described.

Hedge funds, trusts and corporate vehicles – what regulation is needed?

Richard Pratt

Director General, Jersey Financial Services Commission

The regulation of hedge funds, trusts and corporate vehicles poses challenges for financial supervisors. However, there is little consensus on the best regulatory approach. This process must begin with a careful analysis of the risks which these entities pose. Offshore centres like Jersey have been at the forefront of tackling this kind of issue, and Richard Pratt, who leads Jersey's regulatory commission, here details how UK offshore centres have approached the problem.

How to apply international financial reporting standards

John Tattersall

Chairman of the financial service regulatory practice, PricewaterhouseCoopers

The decision by the European Union and other jurisdictions to move swiftly to adopt International Financial Reporting Standards (IFRS) has profound implications for all financial institutions. Under IFRS, fair valuation of financial instruments, balance sheet valuations may change significantly, and this can affect many critical supervisory tools including prudential ratios, value-at-risk measures and reported earnings. This session aims to elucidate the important elements of transition to, and management of, this new financial reporting structure.

THURSDAY 11th SEPTEMBER

STABILITY AND EFFECTIVENESS

How to monitor financial stability

Professor E. Philip Davis

*Professor of Economics and Finance, Brunel University and
member of the European Shadow Regulatory Committee*

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?

A guide to cost-benefit analysis in rule-making

Isaac Alfon

Central Policy Unit, UK Financial Services Authority

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.

Other training courses in ANNUAL TRAINING COURSE / SEMINAR SERIES – AUTUMN 2003 –

Financial and Operational Risk Management for Central Bankers (31 Aug–4 Sept)

looks in detail at how financial and operational risks are managed in a central bank. It provides a forum for risk managers and financial market directors to benchmark their risk management framework against other central banks.

Communications and External Relations for Central Bankers (31 Aug–4 Sept)

analyses how changes in the external environment are throwing up challenges to central banks' communication strategies, and how central banks can respond and thereby maximise policy credibility.

Current Trends for Libraries in Central Banks/Regulatory Agencies (31 Aug–3 Sept)

aims to maximise the output and impact of the library function in a central bank/regulatory agency, raising the library's role to the policymaking level. The course will comprise presentations by distinguished experts in all fields of information management and librarianship.

Legal Risks and Good Governance for Central Banks and Supervisors (31 Aug–4 Sept)

offers senior central bank and supervisory agency law officers an up-to-date guide to the key legal and governance risks affecting policymaking in the light of selected recent experience and emerging international standards of best practice.

National and International Payment Systems and the Impact of E-money (7–11 Sept)

provides the practical and technical background necessary to assess risks and manage change in the context of national payment systems infrastructure and international technological developments.

For detailed programmes and a fax-back registration form for each of these key courses, please visit:

www.centralbanking.co.uk/conferences



The Hall, Christ's College



The Lloyd Room, Christ's College

Previous attendees:

Central Bank of **Algeria**; Central Bank of the Rep of **Armenia**; Central Bank of **Aruba**; Oesterreichische Nationalbank (**Austria**); Central Bank of the **Bahamas**; Central Bank of **Barbados**; National Bank of **Belgium**; Commission Bancaire et Financière (Belgium); **Bermuda** Monetary Authority; Bank of **Canada**; Bank of **Cape Verde**; **Eastern Caribbean** Central Bank; **Cayman Islands** Monetary Authority; Central Bank of **Chile**; Banco de la República, **Colombia**; Superintendencia General De Valores (**Costa Rica**), Consejo Nacional de Supervision del Sistema Financiera (Costa Rica); **Croatian** National Bank; Central Bank of **Cyprus**; National Bank of **Denmark**; Bank of the **Dominican Republic**; Bank of **England**; Bank of **Estonia**; Bank of **Finland**; Financial Supervision Authority (Finland); Bank of **France**; Central Bank of **The Gambia**; **Deutsche Bundesbank**; Ministry of Finance (Germany); **European Central Bank**; Securities and Regulatory Commission (**Ghana**); Bank of Ghana; Bank of **Greece**; Bank of **Guatemala**; Bank of **Haiti**; Securities and Futures Commission (**Hong Kong**); National Bank of **Hungary**; Central Bank of **Iceland**; Bank **Indonesia**; Indonesian Capital Market Supervision; Central Bank of **Iran**; Central Bank of **Ireland**; Bank of **Israel**; Commissione Nazionale per le Società e la Borsa (**Italy**); Bank of **Jamaica**; The Bank of **Japan**; Central Bank of **Kenya**; The Bank of **Korea**;

Central Bank of **Kuwait**; Bank of **Latvia**; Central Bank of **Lesotho**; Central Bank of **Libya**; Due Diligence Unit (**Liechtenstein**); Bank of **Lithuania**; Reserve Bank of **Malawi**; Bank Negara **Malaysia**; Securities Commission (Malaysia); Labuan Offshore Financial Services Authority (Malaysia); Bank of **Mexico**; National Bank of **Moldova**; Central Bank of **Montenegro**; Bank of **Namibia**; **The Netherlands** Bank; Reserve Bank of **New Zealand**; Central Bank of **Nigeria**; Central Bank of **Norway**; State Bank of **Pakistan**; National Securities Commission (**Panama**); Superintendencia de Banca y Seguros (**Peru**); Central Bank of the **Philippines**; **Poland**'s State Office for Insurance Supervision; National Bank of Poland; Bank of **Portugal**; Central Bank of **San Marino**; **Saudi Arabian** Monetary Agency; Bank of **Sierra Leone**; The Monetary Authority of **Singapore**; National Bank of **Slovakia**; **South African** National Treasury; South African Reserve Bank; Central Bank of **Sri Lanka**; Bank of **Sudan**; Sveriges Riksbank (**Sweden**); **Swiss** National Bank; **BIS**; Central Bank of China (**Taiwan**); Bank of **Tanzania**; Bank of **Thailand**; Central Bank of **Trinidad and Tobago**; Capital Market Board (**Turkey**); Central Bank of the Rep of Turkey; Bank of **Uganda**; Central Bank of the **United Arab Emirates**; Bank **Indonesia** (**USA**); **Federal Reserve System** (**USA**); Central Bank of **Venezuela**

REGISTRATION FORM

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I would like to confirm my registration for *THE EMERGING FRAMEWORK OF FINANCIAL REGULATION*

Delegate details

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Signature Date

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Course Fee: £2,200 (inc.VAT at 0% for delegates employed by government in furtherance of its sovereign activities.)

4 day (4 nights) residential course (6pm 7th September - 2pm 11th September)

Course fee includes accommodation in Christ's College, meals, drinks, all course materials
and a complimentary copy of the most recent issue of the *Central Banking* journal.

Accommodation outside these dates is available on request at extra charge.

Please contact Ikuko Hiroe.

We accept delegates on a "first-come, first-served" basis. A full refund will be given for cancellations received (in writing) up to 30 days before the event, but a handling fee of £70 will be deducted from the refund. Cancellations received 30 days or less, a 50% refund will apply. Cancellations received one week prior to the event are liable to pay the full registration fee. Disclaimer: Central Banking Publications Ltd reserves the right to change or cancel any part of this programme due to unforeseen circumstances.

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