

# THE FINANCIAL Regulator

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**SUPERVISION  
IN MAJOR  
FINANCIAL  
CENTRES  
  
LONDON**

*In the first of a series about regulation of the world's major financial centres we examine London.* **29**

*Arguably the pre-eminent international financial centre, London is entering a new era. A far-reaching change in the regulatory regime is close to completion. Success would spawn imitators around the world. But failure would cause serious problems for London. At the same time, new technology and competition from the eurozone threaten London's traditional strengths. We examine London's prospects, and the disturbing implications of the new regulatory regime.*

**Interview: David Clementi** **30**

David Clementi, deputy governor of the Bank of England, assesses London's position as a financial centre outside the eurozone. A flexible labour market, low marginal tax rates and light-handed regulation are all more important than membership of the euro, he concludes.

**The governance of the City** **34**

Frankfurt and Paris are better organised and already within Europe's single currency. The FSA has a crucial role to play in maintaining London's attractiveness, argues David Lascelles, co-director of the Centre for the Study of Financial Innovation.

**How the FSA will affect London's competitive advantage** **37**

For London to prosper, argues Brian Quinn, former head of banking supervision at the Bank of England, the FSA must retain its diversity of approach and resist political pressure to act tough.

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**NEW BASEL ACCORD** **Interview: Claes Norgren** **41**

Claes Norgren, director general of Finansinspektionen, chaired the task force which drafted the new Basel accord. Here he defends the new regime for banks' regulatory capital.

**An uncertain accord** **45**

The Basel committee proposes to revolutionise capital requirements for banks. However, reports Marjorie Deane, they are aiming at a moving target.

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A new book reveals the disparities in financial regulation around the world. Neil Curtis reports.

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