European Capital Markets Institute
Event Report • 2012 Annual Conference

Capital Markets for Growth

18 October 2012 • National Bank of Belgium

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Capital Markets for Growth

ECMI Annual Conference 2012

18 October, National Bank of Belgium, Brussels

Event Report

With over 400 participants, the ECMI Annual Conference 2012 brought together international experts in capital markets from industry, policy-making and academia for a full day of discussions in Brussels. This year's conference was structured around four sessions focusing on the following topics: 1) the macroeconomic outlook for the euro area, 2) the role of capital markets after bank deleveraging, 3) market structure reforms and 4) investor protection in the single market. ECMI organised this conference in partnership with CEPS and the Belgian Financial Forum.




Key Ideas

- *Session 1*. Despite the significant fiscal multipliers, the magnitude of the imbalances accumulated in the euro area over the past decade and its vulnerability to adverse market reactions should prevent any deviation from the agreed path to fiscal sustainability. There should be room however for member states with stable levels of debt to run small deficits, so as to ease adjustment and facilitate convergence.
- *Session 2*. Even though bank balance sheets remain stable (moderate bank deleveraging), the use of collateral has radically decreased since 2008 (significant deleveraging in capital markets). Lower use of collateral means less lubrication of markets and lower interconnection among financial institutions, which policy-makers have tried to mitigate through quantitative easing possibly at a higher cost. The overall implications of this process are not yet well understood.
- *Session 3*. The structure of European capital markets is undergoing profound changes due to comprehensive regulatory reform and innovation in markets. This process needs to balance the costs for investors of building up a more stable architecture with the need to realise a pan-European infrastructure to reap the benefits of the single market.
- *Session 4*. Investor protection merits more attention as the driving force of a (not yet fully realised) single market for retail investment products. Regulatory fragmentation at national level is a threat to the single market project. Regulatory and supervisory reform should be more ambitious and broader in scope. Increased transparency should be complemented with measures addressing directly the incentives of intermediaries.

Session 1: Macroeconomic outlook for the euro area: Which future without a 'transfer' Europe?

Introductory remarks

- **Olli Rehn**, Commissioner for Economic and Monetary Affairs and Vice-President, European Commission

Keynote speech

- **Paul De Grauwe**, John Paulson Chair in European Political Economy, London School of Economics

Panel discussion

- **Julian Callow**, Chief International Economist, Barclays
- **Sarah Carlson**, Vice President - Sovereign Risk, Moody's Investors Service
- **Paul De Grauwe**, Chair in European Political Economy, London School of Economics
- **Daniel Gros**, Director, Centre for European Policy Studies (CEPS)
- **Peter Vanden Houte**, Chief Eurozone Economist, ING Group [moderator]

Commissioner Oli Rehn opened the session by referring to the latest measures to address the sovereign crisis – citing the start-up of the European Stability Mechanism (ESM), the ECB's Outright Monetary Transactions (OMTs) scheme now in place, the consensus on the banking union and the wave of structural reforms in member states. He referred to two objectives, namely, rebalancing Europe and rebuilding the monetary union. While significant rebalancing of current accounts and labour costs has been achieved, there remain large differences across member states. Paul de Grauwe argued that rebalancing will remain elusive as long as core countries fail to boost demand because of austerity measures.

Rehn argued in favour of medium- to long-term fiscal sustainability but warned against stimulus packages in the current context. His main message was "this time is different", meaning spending cannot be used as in the past, not only due to the magnitude of the imbalances but also to the risks from market exposure.

De Grauwe argued that adjustments in all EU member states are leading to a homemade recession. He argued in favour of a more symmetric macroeconomic policy whereby debtor countries would continue to adjust but creditor countries would run small deficits, once the level of debt had stabilised. Sarah Carlson considered that such a policy would provide some relief and help the rebalancing process but would not be a long-term solution.

The Stability and Growth Pact drew much controversy. De Grauwe depicted a Commission obsessed with enforcing arbitrarily chosen deficit limits. Commissioner Rehn reacted by explaining that the Commission bases its decision on the fiscal space and macroeconomic conditions in each member state. Daniel Gros also argued that the Commission had indeed revised the deficit targets taking into account the cycle, as for Spain and Portugal this year.

Growth however remains elusive in Europe. Rehn presented the latest Commission forecasts which signal a period of stagnation. Fellow panellists received these figures with scepticism, given the pending threat of a recession. Julian Callow urged to focus on employment and growth, given the threats to social and political cohesion. Finally, Commissioner Rehn announced that the Commission will soon come out with a new blueprint sketching a proposal for a thorough reform of the EMU, whose institutional framework he claimed was "inadequate" to take long-term decisions.

Olli Rehn: Rebalancing Europe, Rebuilding the EMU

The process of rebalancing will inevitably take time, and the rebalancing needs are considerable. But what matters is that this process has already been going on for some time. And what matters even more is that the EU member states and EU institutions will maintain the momentum of reform and stabilisation through decisive policy action.

> "Investors and consumers do not need to be convinced that a country can boost growth by a few decimal points in a given year through higher spending. They need to be reassured that the country's public finances will be sound in the long-term", Olli Rehn.

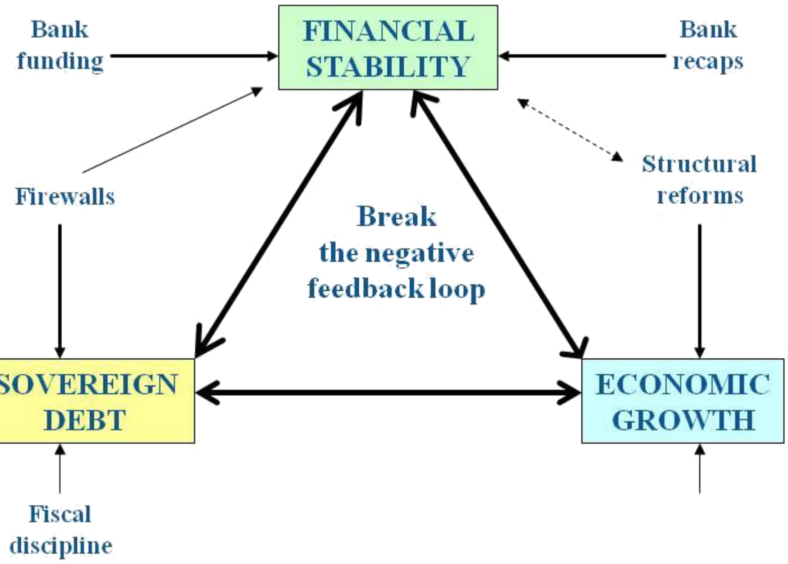
Competitiveness that was lost during the first decade of EMU is being regained, as the re-convergence of unit labour costs clearly shows. In the euro area in 2011, the largest declines in relative unit labour costs were seen in Ireland, Greece and Spain. The surplus countries, for instance Germany and Finland, are moving in the opposite direction, recording increasing wages, which would support domestic demand.

It is correct that fiscal consolidation can have a dampening effect on growth in the short term. Attempts to quantify this effect through the so-called "fiscal multiplier" have been much in the news. However, in the current context, multipliers should not be measured against a business-as-usual scenario, but one in which drastic market reaction would not allow a managed unwinding of the unsustainable policies of the past.

A casual reader of much recent commentary could be forgiven for believing that EU governments are blindly enacting harsh policies of austerity, under the watchful eye of a European Commission obsessed with enforcing arbitrarily chosen nominal deficit targets. It is time to debunk this damaging myth. While the nominal targets may continue to dominate the headlines, the Commission focuses its assessments of member states' actions first and foremost on their compliance with the agreed structural effort.

Europe's efforts to address the crisis include notably the ESM, the ECB's Outright Monetary Transactions scheme, the proposed euro-area banking supervisor and the wave of reforms moving forward in euro area member states. But a far-reaching debate on the next steps is now getting underway. We have identified four building blocks that must underpin the EMU: the banking union, a fiscal union, an economic union and a political union. The Commission will put forward a clear roadmap this autumn.

The European comprehensive response to the sovereign debt crisis



Source: Olli Rehn (2012).

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Paul de Grauwe: Towards More Symmetry of Macroeconomic Policies in the Eurozone

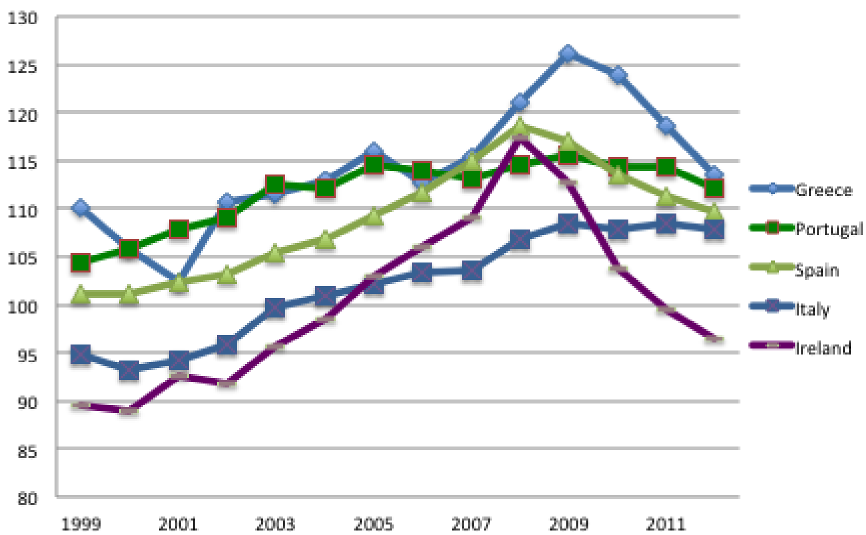
Paradoxically financial markets are more powerful in the monetary union than outside the monetary union, pushing some countries into good equilibria and others into bad equilibria. Policy-makers should not accept this market outcome, driven by fear and panic in financial markets. In the absence of a lender of last resort, individual governments of a monetary union can be driven into default by this panic.

Up until the crisis, there was a major increase in the unit labour costs of peripheral countries, but adjustment is now taking place (see figure below). So far core countries have not done their share to compensate adjustments in the periphery. This asymmetry may result in a deflationary bias in the eurozone as a whole.

The application of similar deficit limits in all member states is bringing the eurozone into recession, given the spill-over effects of national budget cuts. A more symmetric macroeconomic policy in the eurozone will see creditor countries running small budget deficits while keeping their debt levels stable. By coordinating the macroeconomic policies of member states in this asymmetric fashion, the eurozone would avoid the downward spiral and ease the adjustment in debtor countries.

"We should get rid of our fetish over numbers; there is no reason why the number three is so special. I am also surprised about the focus on structural reforms, which are necessary but will not stop the recession now", Paul de Grauwe.

Relative unit labour costs (Average 1970-2010 = 100)



Source: Paul De Grauwe (2012).

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Session 2: Capital markets and bank deleveraging: What are the implications and the role of capital markets in funding the European economy?

Keynote speech

- **Manmohan Singh**, Senior Economist, International Monetary Fund

Panellists

- **Philipp Hartmann**, Deputy Director General Research, European Central Bank
- **Margaret Doyle**, Director, Banking and Capital Markets, Deloitte UK
- **Stephen Dulake**, Head of Credit Research, JP Morgan
- **John Plender**, Senior Editorial Writer and Columnist, Financial Times [moderator]

Manmohan Singh introduced the audience to the 'other' deleveraging that takes place not inside the balance sheets of financial institutions but rather in the collateral chains that link them to form the backbone of the financial system. Singh explained the role of collateral in the European economy by comparing it to "money" serving as a guarantee in all sorts of financial transactions, mitigating counterparty risk and acting as a money substitute.

According to Singh's research, since the default of Lehman Brothers in 2008, the total volume of collateral pledged (collateral made available at source times the average number of times it is re-pledged) has gone down from $10 trillion in 2007 to $6.2 trillion in 2011. Such a deleveraging in the global financial system contrasts with the relatively stable position of bank balance sheets, which Singh showed have been kept artificially stable by unconventional monetary policy operations.

From Singh's perspective, central banks are de facto substituting collateral chains with money through credit easing operations, blocking collateral on their balance sheets. This certainly reduces interconnection among financial institutions, but it may dramatically increase costs of intermediation. He asserted that capital markets (as a direct source of funding) supplement the role of banks in the economy and could break the oligopolistic structure in some collateral markets.

Singh explained that the reduction in the use of collateral was mainly due to the surge in counterparty risk and new regulatory requirements limiting the use of collateral (e.g., higher capital requirements). He warned against additional regulation further limiting the volumes of collateral available in the market – "siloing" it for instance in central clearing counterparties.

Philipp Hartmann observed that the ECB monitors collateral and is aware of its importance when running its operations. He argued however that the volumes and velocity of collateral seen in 2007 were perhaps excessive. Shorter chains in effect are positive for financial stability since they mean less interconnectedness and complexity in the financial system. He argued that the increasing reliance in collateralised transactions in the euro area is to a large extent the result of instability, which the banking union may ultimately reverse.

Hartman elaborated on the deleveraging that is taking place in bank balance sheets, which has so far been channelled through equity issuance (including government support) but is increasingly taking place by the shedding of assets. According to ECB's research, capital constraints, cyclical and structural funding pressures and restructuring plans would imply an estimated total deleveraging of EU banks in the order of EUR 1.5 trn by the end of 2013. According to a Deloitte survey presented by Margaret Doyle, banks expect deleveraging to extend over the next five to seven years and take place predominantly through natural runoffs (expiring loans) rather than divestments.

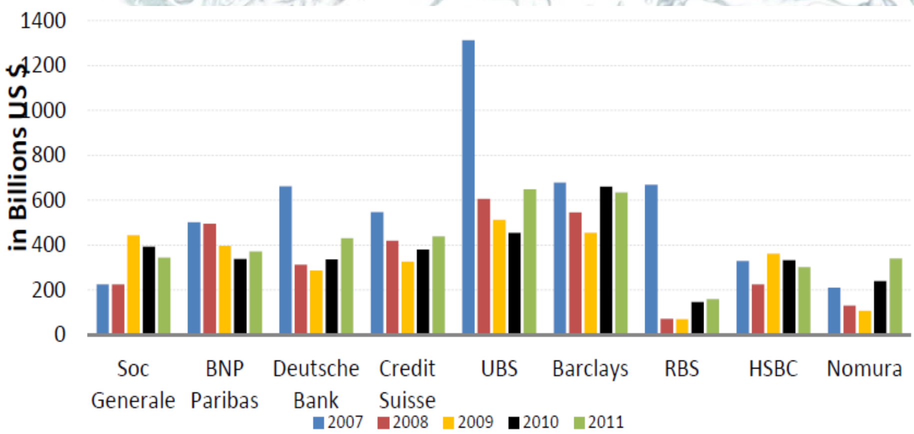
Stephen Dulake drew the link with capital markets by arguing in favour of policies to support their development as an alternative to corporate bank funding, in particular for SMEs. Hartman illustrated that capital markets had replaced bank funding since the crisis but only to a limited extent. Dulake proposed vehicles such as the securitisation of debt issuance by SMEs and/or ECB programme fashioned along the lines of the Bank of England's FLS (Funding for Lending Scheme).

Manmohan Singh: Deleveraging – The Collateral Angle

QE (quantitative easing) and LTROs (long-term refinancing operations) are keeping the size of banks' balance sheets relatively stable, without any significant shrinkage. However, the interconnectedness among financial institutions has experienced great contraction since the financial crisis, at least in terms of pledged collateral. From 2007 to 2011, the total volume of collateral available at source decreased from $3.4 to 2.4 trillion in global financial markets, according to Singh's research. At the same time, the length of the velocity (the length of the average chain or average number of times the same collateral was re-pledged) decreased from 3 to 2.4. Therefore, the total volume of collateral pledged (collateral made available at source times the average number of times it is re-pledged) went down from $10 trillion to $6.2 trillion.

> "Restoring collateral appears as a less costly alternative to QE and LTROs and potentially more effective in helping the real economy", Manmohan Singh.

Pledged collateral – European banks plus Nomura ($ billions)

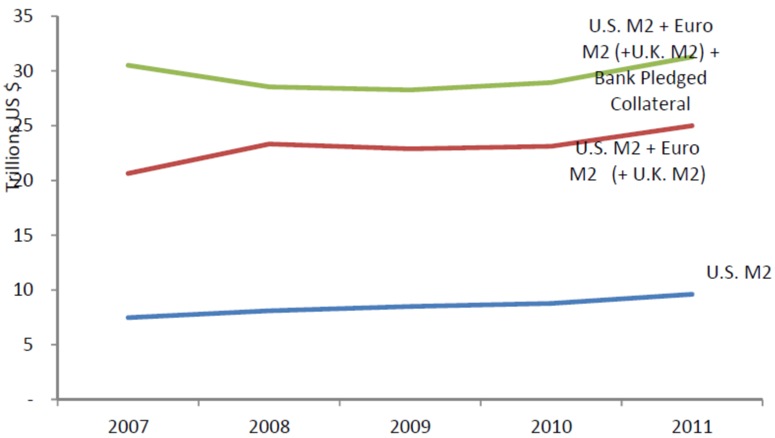


Source: Manmohan Singh (2012).

In parallel, the regulatory demand for collateral is increasing (as in Solvency II, Basel III, EMIR). As a result, collateral may become scarce in the near future while the application of these same regulatory requirements means important volumes of collateral will be blocked (for instance in CCPs), further reducing lubrication in financial markets.

From a monetary policy perspective, QE and LTROs have released more money into the economy (M2) but have had little effect from the point of view of the overall collateral pledged. QE has a cost that is not apparent today but will materialise in the next decade and may be quasi-fiscal (inflation). Moreover, the money printed in QE and LTROs is coming back to the central banks' balance sheets in the form of deposits by credit institutions rather than flowing to the real economy. Restoring collateral appears as possibly a less costly alternative to QE and LTROs and potentially more effective in helping the real economy.

Overall financial lubrication – M2 and pledged collateral



Source: Manmohan Singh (2012).

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Session 3: Capital market structure reforms: Will MiFID II and EMIR change the landscape for the better?

Keynote speech

- **Rodrigo Buenaventura**, Head of Markets, European Securities and Markets Authority

Panellists

- **Mark Beeston**, Chief Executive Officer - Post Trade Risk Business, ICAP
- **Jan Bart de Boer**, Chief Commercial Officer, ABN AMRO Clearing
- **Peter Randall**, Chief Executive Officer, Equiduct
- **Eric Litvack**, Managing Director, COO Global Equity Flow, Société Générale
- **Diego Valiante**, Research Fellow, CEPS, Head of Research, ECMI
- **Huw Jones**, EU Correspondent, Thomson Reuters [moderator]

Rodrigo Buenaventura presented an overview of recent and forthcoming regulation, pondering the key objectives behind them, namely reducing systemic risk, avoiding regulatory gaps and increasing transparency and capacity to supervise. He also highlighted the need for more "sustainable growth" of financial services and the economy overall, meaning less leveraged and more collateralised growth.

Reviewing the main provisions in MiFID, EMIR, MAR and the short-selling regulation, Buenaventura stated that regulation needed to adapt to new market practices in order to strengthen market integrity. He also highlighted the importance of creating an EU single market for post-trading services and extending regulation to cover commodity markets. In his view, however, EMIR was the single most important piece of regulation in its field since the crisis – a game changer in derivative markets.

Erik Litvack spoke of the difficulty in anticipating what the market would look like once all the regulatory reform comes into effect. With respect to clearing obligations in EMIR, he considered that most market participants are not yet ready, with the exception of the interdealer community and the largest buy-side. As for reporting to trade repositories, Litvack was more optimistic given the levels of reporting already prevalent in the marketplace. Mark Beeston stated that uncertainty is affecting liquidity in global derivative markets while regulatory fragmentation poses great operational challenges for global companies.

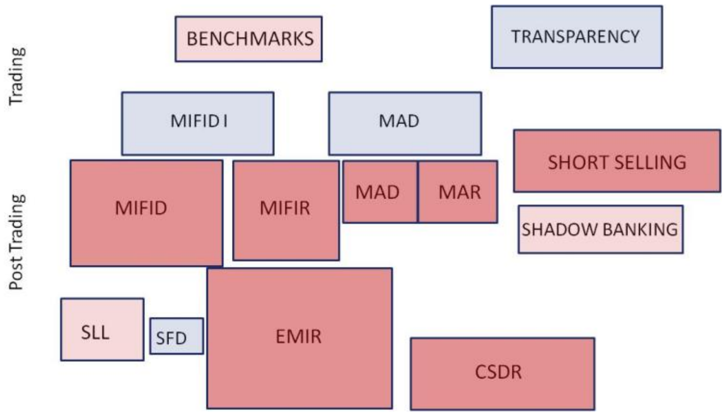
Jan Bart de Boer considered that the industry is asked to comply on many different fronts on short notice. He stated that related expenses are diverting the industry from its core business and impairing its ability to innovate, which is already affecting their customers. Peter Randall argued that the regulatory process had lost credibility in the past decade when it failed to implement legislation. Randall drew the link between poor enforcement and ever-more frequent regulatory recasts, introducing instability to the marketplace.

Karel Lannoo challenged the panellists by pointing to the many business opportunities arising from EMIR and other legislation, the opening-up of market structures and increased transparency, for instance in bond markets. Diego Valiante urged policy-makers to focus on creating a pan-European market that would boost cross-border flows and efficiencies. He pointed at the implications of siloing collateral in non-interoperable clearing infrastructure, which may distract locked-in users and distort competition, directing trading flows. In his view, the competitive environment that fuels the single market is fragile and should be strengthened.

Rodrigo Buenaventura: Capital Market Structures Reforms

A significant wave of new regulation is going to reshape market infrastructure in Europe, in both trading and post-trading sectors. The new regulations are driven by a number of goals, not always related to the financial crisis but also to the need to adapt to new market practices, technological innovation and latest market developments.

Regulatory outlook for capital markets structure



Source: Rodrigo Buenaventura (2012).

"We are witnessing a wave of new rules affecting market structure but EMIR is probably the most important piece of post-crisis regulation", Rodrigo Buenaventura.

As for MiFID, it is not yet the time for ESMA but for the co-legislators to agree to level one text. The top five topics from the perspective of ESMA are commodity derivatives, pre- and post-trade transparency, data (consolidation, publication, reporting), microstructure (tick sizes, fees, circuit breakers) and the trading obligation for derivatives.

EMIR is probably the most important piece of post-crisis regulation, introducing trade reporting obligations and central clearing obligations for eligible derivatives. The technical standards have been already drafted by ESMA and now need the endorsement of the European Commission before the Parliament's approval before year end. In drafting those standards, ESMA had to balance at all stages competing values, such as standardisation versus flexibility. ESMA also envisages that many aspects will need to be monitored and possibly adjusted in the future, such as clearing thresholds or admissible collateral.

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Session 4: Comprehensive investor protection: The Achilles' heel of the single market?

Keynote speech

- **Carlos Tavares**, Chairman, CMVM and Vice-Chairman, European Securities and Markets Authority

Panellists

- **Guido Ferrarini**, Professor of Business Law and Capital Markets, University of Genoa
- **Guillaume Prache**, Managing Director, EuroFinuse
- **Lindsey Rogerson**, Financial Services Consumer Panel, Financial Services Authority (FSA)
- **Jean-Baptiste de Franssu**, Chairman, INCIPIT [moderator]

Carlos Tavares presented an overview of market and regulatory developments since the financial crisis from an investor protection perspective. He portrayed investor protection as the overarching objective of securities regulation, crucial to the development of financial markets and the overall economy. Tavares presented the current EU legislative proposals to improve investor protection as steps in the right direction. However, he argued in favour of further action in areas such as pre-trade and post-trade transparency, best execution, remuneration of sales staff and enforcement. He also questioned whether financial innovation was serving investors and made ample reference to an ESMA study on the intrinsic value and return of retail structured products – lower on average than the risk-free investment.

The incentives driving the behaviour of intermediaries were one of the key points under discussion. Tavares argued that transparency alone is not enough since investors are not able to understand many of the features in even relatively simple products. In his view, incentives should be tackled at source by addressing the remuneration of intermediaries and in particular sales staff. Guillaume Prache referred to the case of simple index ETFs, whose lower fees are interesting for retail investors but yet are very rarely proposed to them since they do not pay inducements to the distributors. With reference to a possible ban of inducements, Jean-Baptiste de Franssu stated that it was not so much a question of "if" but "when" and warned that it had taken many years for the UK Financial Services Authority to put up a workable regime together. Lindsey Rogerson referred to the abundant evidence of widespread misselling justifying swift action for all advisers and all inducements.

The crucial importance of enforcement was also addressed by Tavares who compared the ability of the UK regulators to quickly settle cases with the long and painful judicial procedures prevalent in most other member states. He argued that enforcement should first and foremost ensure compensation to the victim instead of solely focusing on fining the intermediary. Guido Ferrarini reflected on the different judicial traditions across member states and the problems for cross-border enforcement which also need to be overcome to complete the single market. Insufficient harmonisation of investor protection rules was also seen as a threat to market integration, in other words, truly the Achilles' heel of the single market.

Carlos Tavares: Investor Protection for the Future of Financial Markets

Investor protection is the overarching objective of securities regulators. It should be viewed as a broad concept including financial stability and market safety and fairness. Investors are the weakest link in the markets.

We have undeniable evidence of the consequences for investors of the crisis. Five years after the crisis first emerged, however, the picture is not encouraging. Consider, for example, the number of mergers and acquisitions that have resulted in bigger financial institutions, the increase in leverage (measured as financial assets to GDP), the increased fragmentation of equity trading, OTC and dark trading, the failure to fully pass the benefits of increased competition to end investors, the risks to market quality and stability derived from high-frequency trading, the slight increase in shadow banking in Europe and the growing complexity of products, among others.

> "Transparency is essential but not sufficient since investors are not able to assimilate key information from increasingly complex products; it follows that the policy response needs to be more comprehensive", Carlos Tavares.

Complex financial products have expanded significantly in volume and number in Europe and are increasingly sold to retail clients. The number of complex retail products launched each year has grown from about 200,000 in 2007 to about 900,000 in 2011. Between 2007 and 2011 more than 2 million have been launched representing roughly €1 trillion. A study from the Committee for Economic and Market Analysis (CEMA) at ESMA shows that the average intrinsic value of structured retail products was about 94% of their issue price and more than 80% of these products had an intrinsic value between 80% and 100% of their issue price. On average the return of these products was lower than the risk-free investment; actually the average and the median excess returns of the sample were negative. The counterparty risk faced by retail investors can be substantial and it was found to account on average for about 30% of the overall implied premium regarding complex products. Also, alternative UCITS assets under management tripled between 2007 and 2011 reaching €19 billion by end 2011. New complex products such as ETFs and ETPs have developed and experienced significant growth, also among retail investors.

Did regulators and market participants draw the right lessons? Are investors better protected today than previously? Has financial innovation had positive results for investors? What should legislators, regulators and supervisors do?

The reform of MiFID is taking steps to improve investor protection, rightly identifying the main issues. It is accompanied by the package retail investment products (PRIPs) initiative and is giving powers to national authorities and ESMA to forbid certain products. ESMA has also recognised the problem and has proposed guidelines on suitability requirements, MiFID compliance function and remuneration policies, among others.

But we need to go further in areas such as compensating for market fragmentation and increasing light trading, via a consolidated tape and more pre-trade and post-trade transparency not only for equities. The current definition of best execution is not clear and is difficult to enforce, in contrast with the US model. Algorithmic and high-frequency trading have been discussed in terms of financial stability but such practices should be discussed with the aim of preserving market quality (fairness, efficient price discovery and market abuse risks) and eliminating order cancellation. ESMA also needs efficient intervention powers, implementing Art. 9 of the regulation establishing this authority – for instance, it is not possible at the present time for ESMA to decree a suspension of trading in Europe in exceptional circumstances. Enforcement powers need to be more effective – the English legal system is a model when it comes to ease of enforcement. The goal of enforcement is to protect investors, including by ensuring compensation where appropriate, rather than over-focusing on fining institutions. Transparency is essential but not sufficient, since investors are not able to assimilate information from (growingly complex) products; it follows that the policy response needs to be more comprehensive, in particular with respect to the remuneration policy of sales staff and the monitoring by supervisors. Education of intermediaries and ethical values are also key.

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Speakers' biographies

Olli Rehn, Vice-President of the European Commission and Commissioner for Economic and Monetary Affairs, is a central figure in the efforts to re-stabilise the euro-area and plays a key role in the coordination of its member states. He is also in charge of the macro-economic surveillance of member states and represents the Commission in international discussions, notably in the G7 and the G20. His declared top priority as Commissioner is growth and jobs, in the context of macroeconomic stability. In these challenging times, he strives to balance strategic solutions and structural reforms with the day-to-day management of the euro-area crisis. A Finish national and Ph.D. in international political economy from the University of Oxford, Olli Rehn has a long career in national and European politics and has also worked in academia. Former Commissioner for enlargement, former member of the European Parliament and a senior civil servant, in his youth he played football for his hometown club in Finland's top division.

Carlos Tavares is the Vice-Chairman of the European Securities and Markets Authority (ESMA), as well as Chairman of the Portuguese Securities Regulator (CMVM) since October 2005. Between 2007 and 2010, he was Vice-Chairman and then Chairman of the Committee of European Securities Regulators (CESR). At the International Organization of Securities Commissions (IOSCO), he also chairs the European Regional Committee and the Standing Committee on Risk and Research. He has over 30 years of experience in both the public and private sectors in economic/financial related fields. Mr. Tavares held the position of Head of the Bureau of European Policy Advisers in the European Commission, and was also Minister of the Economy, under the José Manuel Durão Barroso premiership. Carlos Tavares is an economics graduate of the Universidade do Porto where he was a lecturer and is currently a member of its Board of Trustees.

Paul De Grauwe, John Paulson Chair in European Political Economy at the London School of Economics, is a world-class economist whose work focuses on international economics, monetary systems, monetary integration, foreign-exchange markets, and open-economy issues. He foresaw the financial crisis that is now rocking the European Union and the world: In a prescient piece published in 2010, he warned that the Greece sovereign debt crisis would have a destabilizing effect on the entire Eurozone unless immediate actions were taken. With a truly international outlook and a deep knowledge of US and European economic systems, he is a sought-after speaker and teacher. He has served as a visiting professor at some of the most prestigious universities in the world, including the University of Paris, the University of Michigan, the University of Pennsylvania, the University of Amsterdam, and the University of Milan. Paul is a regular contributor to the Financial Times and a Senior Research Fellow at the Centre for European Policy Studies in Brussels.

Manmohan Singh is a Senior Economist at the IMF in Washington DC. He continues to write extensively on topical issues including deleveraging in financial markets, rehypothecation of collateral, and counterparty risk in OTC derivatives. He was the first to identify the role cheapest-to-deliver bonds as a proxy for recovery value in CDS instruments. Manmohan has led workshops for the IMF on reserve management and strategic asset allocation to official sector policy makers. His articles have regularly appeared in the Financial Times, Wall Street Journal, Euromoney, RISK, Journal of Investment Management etc. His work experience covers several countries including UK, US, Chile, India, Japan, Pakistan, Hungary, Poland, the Gulf countries and more recently peripheral Europe. He holds a PhD. in Economics and a MBA from Univ. Illinois (Urbana-Champaign). He received his B.S. (magna cum laude) from Allegheny College, Pennsylvania. He was previously with ABN Amro Bank's emerging market syndicate team (Amsterdam/London).

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About the European Capital Markets Institute (ECMI)

ECMI is an independent non-profit organisation created to provide a forum in which market participants, policy-makers and academics alike can exchange ideas and opinions concerning the efficiency, stability, liquidity, integrity, fairness and competitiveness of European capital markets and discuss the latest market trends.

These exchanges are fuelled by the publications ECMI regularly produces for its members: topical commentaries and analytical research papers, as well as the frequent workshops and conferences it organises. ECMI also advises European regulators on policy-related matters, acts as a focal point for interaction between academic research, market sentiment and the policy-making process, and promotes a multidisciplinary and multidimensional approach to the subject.

ECMI is managed and staffed by the Centre for European Policy Studies (CEPS) in Brussels. Its membership is composed of private firms, regulatory authorities and university institutes.

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