

CSFI

CENTRE FOR THE STUDY OF FINANCIAL INNOVATION

5 DERBY STREET
LONDON W1J 7AB

TEL: 020 7493 0173
FAX: 020 7493 0190

**Regulation of derivatives trading: from private to public exchanges, and the collateral damage of central clearing. A round-table discussion with David Bailey (FSA), David Clark (WMBA), Jeremy Grant (FT) and Andrew Lamb (CME Group).
To be held on Tuesday, January 12, 2010.**

It is always more comfortable to do a two-way deal in private, and with no margin posted. That has been one of the joys of over-the-counter derivatives trading. But regulators have gone off privacy when it comes to financial instruments. The sunlight they have in mind exists in central clearing houses, trade repositories and broader transparency requirements for electronic trading, with collateral levied to cover counterparty default. But, as many non-financial companies have pointed out, tailored transactions are not suitable for e-trading, while finding collateral represents an unwelcome call on cash. The US Congress has pulled back from forcing non-speculative trades on to exchanges. But the argument is not yet settled on where to draw the line on OTC and derivatives trading, and on the best ownership and regulatory structure for central clearers, as well as the best capital regime.

Where will the new legislation end up? Putting their arguments over-the-counter at this CSFI round-table are:

- Jeremy Grant, Editor of *FT* Trading Room, a web offering on trading, exchanges, clearing and settlement, and market regulation. Jeremy first covered exchanges and regulation in Chicago (2002-05) and continued in Washington, DC. He returned to London in 2008 as Senior Corporate Reporter. Previous roles include editing the European companies' pages and Vietnam correspondent.
- David Clark, Chairman of the Wholesale Markets Brokers Association. David spent 40 years in the currency and capital markets for various banks before moving into non-executive director and advisory positions. He is Senior Independent Director of Tullett Prebon and a non-executive director of Westpac Europe. He has been a senior adviser to the FSA and sat on a number of Basel II working groups.
- David Bailey, the FSA's Capital Markets Sector Manager, responsible for risk identification, evaluation and mitigation. His sector team has led FSA work in areas such as OTC derivatives market reform and engagement with credit rating agencies. Prior to joining the FSA in 2006, David spent nine years at JPMorgan, where he mainly worked as a derivatives trader in the rates hybrids and exotics business.
- Andrew Lamb, CEO, CME Clearing Europe. From 2006 until August this year, Andrew was an independent consultant in clearing, settlement and risk management. Before that he spent 13 years first at the London Clearing House

and then as CEO of LCH.Clearnet's London operations. He played a leading role in the European Association of Central Counterparty Clearing Houses.

If you or a colleague would like to join us, please let us know by emailing sophie@csfi.org.uk or by telephoning 020 7493 0173. As usual, wine and sandwiches will be provided.

Sincerely yours,

Jane Fuller
Co-director
CSFI