

Trading In Europe: Assessing The Future For Central Counterparties

Paving the way for a single central counterparty?

Central London

1st & 2nd
October 2001

"The process of consolidation on an industry level in Europe is somewhat stalled. There is no real consensus on how to bring the business together"

[David Cowan, Director of Public Affairs, Cleastream International - Financial Times, 28.03.01]

The issue of how to achieve consolidation has now come to the top of policy-makers' agendas. European financial markets have grown and become more international and the need to connect and integrate the supporting infrastructure has become more urgent. In order to eliminate barriers the industry players must collaborate to propose appropriate solutions for adapting current practices to ensure greater convergence and co-operation in day-to-day systems' implementation. Do not miss the chance to attend this cutting-edge event led by first-class speakers and to hear the exclusive insights from all the participants and users of central counterparty trading.



Attending this timely, highly topical conference, will give you the opportunity to focus, amongst many others, on the following key issues:

- Exploring the latest developments in European securities trading - Analysing national interests vs. European interests
- Learning from the DTCC model
- Pinpointing the crucial issues related to the creation of a single European central counterparty - Interoperability between systems, implementing a CCP for different products, assessing costs and savings, optimising risk management
- Evaluating public policy interests in central counterparties - Efficiency gains, risk management, systemic risk
- Analysing the practical issues regarding capital adequacy of participants and use of collateral
- Confronting the positions of the major clearing houses within an interactive roundtable discussion
- Hearing the vital, practical insights from: broker dealers, retail investors and ECNs
- Exploring the legal and regulatory framework for central counterparties

In the Chair:

Alex Powell
Partner
Accenture

Brian Taylor
Managing Director
BTA Consulting,
Formerly Chief Executive Officer
Bahamas International Securities Exchange

Your eminent speaker panel:

Paul Arlman
Secretary General
Federation of European Stock Exchanges

John Tanner
Head of Post-Trade Services
London Stock Exchange

Pen Kent
Executive Chairman
European Securities Forum

Victoria Cleland
Senior Manager, Trading and Settlement
Bank of England

Dietrich Domanski
Member, Secretariat of the Committee on the Global
Financial System
Bank for International Settlements

Daniela Russo
Head of Securities Settlement Systems Policy Division
European Central Bank

Bernie Till
Vice President
DTCC International Division

Joe Corcoran
Senior Manager
Barclays Plc

Giovanni Sabatini
Chief Executive Officer
Monte Titoli

Michael March
Director, Corporate Communications
London Clearing House

Victorien Goldscheider
Deputy Chief Executive Officer, Business Development
Clearnet

Richard Kilsby
Vice-Chairman
Virt-x

Patricia Tsien
Partner
Accenture

Gareth Jones
Senior Analyst and Domestic Settlement
CRESTco Ltd

Frederic Hannequart
Managing Director
Euroclear Bank

Mark Snowdon
Senior Vice President
Clearstream Banking

Angela Knight
Chief Executive
APCIMS

Alasdair Haynes
Chief Executive Officer
ITG Europe

Dr. Joanna Benjamin
Consultant
Clifford Chance

Madeleine Yates
Senior Associate
Clifford Chance

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1st October 2001

08:30 Registration & Coffee

09:00 Opening Address from the Chair

Alex Powell
Partner
Accenture

Exploring Pan-European Markets and Central Counterparties

09:15 Exploring the Latest Trends in European Securities

- Assessing the impact of EMU on European securities
- Defining the European securities market
 - New players
 - Changing products
 - Evolving demands
- Is liquidity consolidating around electronic trading systems and time zones?
- Understanding the difficulties and devising new strategies
- Monitoring the benefits of consolidation and technology

Paul Arlman
Secretary General

Federation of European Stock Exchanges

10:00 Central Counterparties - A Time for Action

- The role of central counterparties in the reinvention of the global securities industry and the forces and trends accelerating the industry transformation
- The evolving model for CCPs
- Results of Accenture surveys – The state of the industry in different regions, and customer requirements for CCPs
- Avoiding greater complexity: the optimum way forward for the industry

Patricia Tsien
Partner

Accenture

10:30 Morning Coffee

10:50 Defining the Clearing Services in Europe - National Interests vs. European Interests

- European clearing houses - Examining the "3 efforts" related strategies and analysing their impact on the European market
 - London triangle
 - Euronext
 - Deutsche Clearing
- Coping with a main issue - National interests vs. European interests
- Is it possible to overcome the national different approaches?
- Addressing strategies to create a single European central counterparty - Handling all products and being open to all providers of trading systems
- Clarifying the benefits related to a single European central counterparty

Michael March
Director, Corporate Communications
London Clearing House

11:35 Central Counterparty Links to the Clearing and Settlement World

- The current state of play in consolidating Europe
- How central counterparties could change the landscape of clearing and settlement
- Is there a "right" solution?
- The winners and the losers
- Timeframe to resolution and a plan for successful implementation

Mark Snowdon
Senior Vice President

Clearstream Banking

12:20 Lunch

Business Development Opportunities

Does your company have solutions or technologies that the conference delegates would benefit from knowing about? If so, you can find out more about the exhibiting, networking and branding opportunities available by contacting:

Jacquelyne Muhati, Marketing Manager
on +44 (0) 20 7647 2304

13:45 DTCC Insight - What Can be Learnt from the American Experience?

- Assessing the role of CCPs in
 - The management of risk
 - Cost reduction for participants
 - Reliability, scalability and integrity of service
- Ownership and governance
- Relevance of the American experience to Europe?
- European CCP for Nasdaq Europe

Bernie Till

Vice President

DTCC International Division

Debating the Crucial Issues Related to the Creation of a Single European Central Counterparty

14:30 Keynote Address

Assessing Costs Savings of Different Systems

- What are the costs of maintaining the current back office infrastructure and who pays?
- Are there economic characteristics of clearing and settlement that prevent consolidation?
- What is required to bring out cost savings?

John Tanner

Head of Post-Trade Services

London Stock Exchange

15:15 Afternoon Tea

15:35 Creating and Implementing a Central Counterparty for Different Areas - Overcoming Operational Obstacles

- Equities, bonds and derivatives - 3 different areas and a multiplicity of solutions, master agreements – Are these barriers to clearing and settlement?
- Pinpointing the operational differences between securities and assessing how the clearing houses cope with them
- Achieving a uniform solution for European securities in order to establish a single European central counterparty
- Understanding the consequences for the users

Victorien Goldscheider

Deputy Chief Executive Officer, Business Development

Clearnet

16:20 Roundtable Discussion

Debating the Benefits and Drawbacks of a Single European Central Counterparty

Moderator:

Alex Powell

Partner

Accenture

Panellists:

Gareth Jones

Senior Analyst and Domestic Settlement

CRESTco Ltd

Mark Snowdon

Senior Vice President

Clearstream Banking

Frederic Hannequart

Managing Director

Euroclear Bank

Victorien Goldscheider

Deputy Chief Executive Officer,

Business Development

Clearnet

Michael March

Director, Corporate Communications

London Clearing House

17:05 Settlement Systems and Central Counterparties

Giovanni Sabatini

Chief Executive Officer

Monte Titoli

17:50 Closing Comments from the Chair

18:05 End of Day One

I would like to thank everyone who has helped with the research and organisation of this event, particularly the speakers for their support and commitment.
Serena Menaguale, Conference Producer

2nd October 2001

08:30 Registration & Coffee

09:00 Opening Address from the Chair

Brian Taylor
Managing Director
BTA Consulting,
Formerly Chief Executive Officer
Bahamas International Securities Exchange

Evaluating Risk Management, Collateral and Financial Stability09:15 **Focusing on Risk Management**

- Managing to meet all the obligations to the parties involved in the process
- Covering financial losses - Analysing insurance as a coverage
- Coping with collateral
- Devising strategies and solutions to minimise risks

Joe Corcoran
Senior Manager
Barclays Plc

10:00 **Public Policy Interests in Central Counterparties**

- Financial risk management and systemic risk
- Efficiency gains through sharing operational costs and investment
- Benefits of netting and interoperability

Victoria Cleland
Senior Manager, Trading and Settlement
Bank of England

10:45 Morning Coffee

11:05 **Keynote Address****What's Happening to Clearing and Settlement in Europe?**

- Is consolidation of clearing desirable and achievable?
- Do we need matching consolidation of settlement?
- Will Europe stay behind?

Pen Kent
Executive Chairman
European Securities Forum

11:50 **European Central Bank Concerns in the Field of Securities Clearing**

- Central Bank interests in the field of SCSS
- Domestic vs. global system
- The Eurosystem concerns - Appropriate oversight/regulation and smooth functioning of securities settlement system

Daniela Russo
Head of Securities Settlement Systems Policy Division
European Central Bank

12:35 Lunch

13:45 **Building a Single Central Counterparty in Europe - Remarks from a Financial Stability Perspective**

- Do centrally cleared markets behave differently?
- What are the effects on the markets for collateral?
- What are the implications for risk management?
- What are the financial stability implications?

Dietrich Domanski
Member, Secretariat of the Committee on the Global Financial System
Bank for International Settlements

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Conveying the Practical Insights of the Major Participants of Central Counterparty Trading14:30 **Understanding the Retail Investor Point of View**

- The EU wide pension problems mean all Governments are seeking to engage their citizens with the market
- Do market developments take the private investor into account?
- Has the central counterparty in the UK benefited or disadvantaged the private investor?
- The need to develop an inclusive not exclusive central counterparty model

Angela Knight
Chief Executive
APCIMS

15:15 Afternoon Tea

15:35 **The Broker Dealer's Perspective**

- A clearing model for Europe
- The alternatives
- What's in it for the broker dealer?
- The global view

Richard Kilsby
Vice-Chairman
Virt-x

16:20 **Analysing the Benefits of a Single European Central Counterparty for ECNs and ATSS**

- Exploring the current positions of ECNs and ATSS in the European scenario
- Dealing with the globalisation of the products
- How are ECNs going to change?
- Pinpointing benefits for ECNs and ATSS

Alasdair Haynes
Chief Executive Officer
ITG Europe

Analysing the Regulatory Perspective17:05 **Defining the Current and Forthcoming Regulatory Framework for Central Counterparties in Europe**

- Regulating central counterparties in Europe
- Netting issues and collateral issues
- Understanding the regulatory issues faced by central counterparties

Dr. Joanna Benjamin
Consultant
Clifford Chance

Madeleine Yates
Senior Associate
Clifford Chance

17:50 Closing Comments from the Chair

18:05 Close of Conference

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October 2001

Venue confirmation will be forwarded to you one month prior to the conference

The fundamentals of the European markets are inexorably driving towards a pan-European capital market. However, at present, the direct and indirect costs of trading European securities are unnecessarily high: it is estimated that a more rationale and integrated clearing and settlement system for cross-border securities trading could save around 1 billion euros annually. Investors, issuers, governments and regulators alike demand a genuine pan-European market. In order to achieve this, the process of consolidation needs to be improved and implemented. Overcoming operational hinders and minimising risks are crucial issues that the key players in the industry must face and discuss.

Following the success of our past cross-border trading and clearing and settlement events, this innovative and highly informative conference will be focusing on the efforts that European institutions are making to create effective co-operation strategies on the issues of trading and central counterparties. Do not miss the chance to benefit from the experience of first-class representatives and **to hear the exclusive insights from all the participants and users of central counterparty trading.**

Hear From The Following Organisations:

- Accenture
- DTCC International Division
- Bank of England
- European Central Bank
- CRESTco Ltd
- Euroclear Bank
- Barclays Plc
- APCIMS
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- Bank for International Settlements
- European Securities Forum
- Clearnet
- Clearstream Banking
- London Clearing House
- Virt-x
- Monte Titoli
- BTA Consulting
- London Stock Exchange

Who should attend:

From Banks/Securities Houses/Broker Dealers/Clearing Houses

Heads/Managers of:
Dealing, Investment, Electronic Trading, Broking, Bonds and Fixed Income Trading, Equities Trading, Derivatives Trading, Product Development, Institutional Investors Relations, Proprietary Trading, Institutional Investors Sales, Back Office, Retail, Risk Management, Clearing and Settlement, Operations, IT Systems and Architecture, Compliance

From Stock Exchanges/ECNs and ATSS

Heads/Managers of:
Listing and Members, Market Development and External Relations, Business and Product Development, Trading Systems and Development, Floor Management

From IT/Systems Providers

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Banking Services, e-Commerce, Financial Services, Research and Development

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