



BANK OF ENGLAND



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Systemic Financial Risk: Improving the Resilience of Global Markets

London, United Kingdom 14 May 2008

Venue: Mansion House

Programme Wednesday 14 May

08.30 - 09.00

Registration

Venue: Mansion House, London

09.00 - 10.30

Session 1

The Current State of the World Economy

Policy-makers around the world face a multidimensional crisis. At one end of the spectrum, they have to deal with financial market dislocations, and on the other – emerging economies – have to face the challenges of overheating and dealing with strong capital inflows that can be exacerbated by an easing of interest rates in the G7 countries.

- 1) What are the potential spillovers from the ongoing deceleration in advanced economies on EMEs? To what extent has the nature or relative importance of these spillovers (real vs financial) evolved over time?
- 2) What are the implications of these changes for the transmission of macroeconomic fluctuations across groups of countries?

Welcoming Remarks by

- **Alderman David Lewis**, The Right Honourable Lord Mayor of the City of London, United Kingdom
- **Richard Samans**, Managing Director, World Economic Forum
- **Marc Uzan**, Executive Director, Reinventing Bretton Woods Committee, France

Chaired by

- **Nicholas Joicey**, Director, International, HM Treasury of the United Kingdom, United Kingdom

Discussion Leaders

- **Mahmood Pradhan**, Assistant Director, Monetary and Capital Markets Department, International Monetary Fund (IMF), USA
- **Lawrence Brainard**, Chief Economist, Trusted Sources UK, United Kingdom
- **Thomas Mayer**, Chief European Economist, Deutsche Bank, United Kingdom
- **David Claydon**, Managing Director, Morgan Stanley, United Kingdom

10.30 - 10.50

Coffee Break

10.50 - 12.00

Session 1 Continued

Emerging Economies in the Driving Seat of the World Economy?

- 1) What role do emerging markets play as possible exit routes from the turmoil? More fundamentally, are these developments reshaping the global economic and financial systems? Is the turmoil giving a much higher clout to EMEs in the future of the global economy?
- 2) Are emerging economies' financial markets able to absorb the growing diversification in financial flows? Where are the areas of financial vulnerability?
- 3) Will their capital markets come into competition with traditional centres of global finance?

Chaired by

- **Marcos Galvão**, Secretary for International Affairs, Ministry of Finance, Brazil

Discussion Leaders

- **Benoît Coeuré**, Assistant Secretary for Multilateral Affairs and Development Policy, Ministry of Economy, Finance and Employment, France
- **Johan Delpont**, Senior Manager, South African Reserve Bank (SARB), South Africa
- **Richard Portes**, Professor of Economics, London Business School, United Kingdom
- **Nouriel Roubini**, Chairman and Professor, Roubini Global Economics, USA

12.00 - 12.15

Contact Break

12.15 - 14.00

Plenary Session over Lunch

Closer to a Global Systemic Financial Meltdown?

How bad is the crisis going to get before it gets better? How effective are policy actions to date? The session will review key developments in the crisis since the World Economic Forum Annual Meeting 2008 in Davos. Panellists will discuss the extent of the damage to the financial system that is expected in the near future. In addition, they will explore less obvious, but potentially more damaging, long-term impacts on the real and global economies.

Welcoming Remarks

- **Rachel Lomax**, Deputy Governor, Bank of England, United Kingdom
- **Kevin Steinberg**, Chief Operating Officer, World Economic Forum USA

Chaired by

- **Lewis B. Kaden**, Vice-Chairman, Citi, USA

Table Hosts/Discussion Leaders

- **Kanwardeep Ahluwalia**, Head, Credit and Financial Market Risk Management, Swiss Re, United Kingdom
- **Miranda S. Goeltom**, Senior Deputy Governor, Bank Indonesia, Indonesia
- **Rahel Lomax**, Deputy Governor, Bank of England, United Kingdom
- **Tiff Macklem**, Associate Deputy Minister and G7 Deputy for Canada, Department of Finance, Canada
- **Nouriel Roubini**, Chairman and Professor, Roubini Global Economics, USA

14.00 - 15.30

Plenary Session

Progress and Challenges in Developing Public and Private Responses

Participants will assess key proposals to address the crisis and improve the resilience of the financial system, as well as perceived key challenges and critical success factors. The session will cover critical aspects of the debate, including global regulatory frameworks and the role of the Central Banks, the future of the securitization model, market transparency, Basel II capital framework and the credit rating agency model.

Chaired by

- **Sir John Gieve**, Deputy Governor of the Bank of England

Introduction

- **Suzanne Nora Johnson**, Trustee, Carnegie Institution of Washington, USA

Discussion Leaders

- **Jean-Pierre Landau**, Deputy Governor, Central Bank of France, France
- **Tiff Macklem**, Associate Deputy Minister and G7 Deputy for Canada, Department of Finance, Canada

15.30 - 15.45

Coffee Break

15.45 - 17.15

Break-out Sessions in Parallel

1. Industry Risk Management Practices: The Anatomy of the Failure and What to Expect in the Near Future

The crisis has demonstrated that risk management practices at many financial institutions, as well as related regulatory expectations, did not evolve sufficiently over time commensurate with the complexity of today's financial environment.

Lessons have already been learned, although more will probably be identified as events unfold. Participants from the public and private sectors will have an opportunity to informally discuss the expected changes in industry risk management practices and regulatory requirements.

Discussion Leaders

- **Madelyn Antoncic**, Managing Director, Global Head of Financial Markets Policy Relations, Lehman Brothers, USA
- **Barry Zubrow**, Executive Vice-President and Chief Risk Officer, JPMorgan Chase, USA
- **Representatives from G20 Delegations**

15.45 - 17.15

2. The Ongoing Evolution of Financial Markets: What Will the Markets Look Like in the Next Three Years and What Will Be the Role of the New Players in the Financial System?

In recent years, the financial services industry playing field has changed significantly, with new players including hedge funds, private equity and sovereign wealth funds gaining more ground and becoming integral and critically important parts of the system. The trend is clear, but what will the map look like in the next three to five years? What will it mean, and are the right mechanisms in place to help ensure financial stability?

Discussion Leaders

- **John J. Studzinski**, Senior Managing Director and Global Head, Corporate Advisory Services, Blackstone Group, USA
- **Representatives from G20 Delegations**

15.45 - 17.15

3. Top Five Industry and Policy Responses to Contain the Current Crisis from Further Spread into the Global Economy and to Reduce Vulnerability to Systemic Financial Risk

Multiple proposals for addressing the breakdown of financial markets are at the centre of the debate. Some are wide reaching, while others focus on more specific and technical issues. They must all be worked through carefully to avoid decisions that might later haunt the system. But which ones have the potential for the most impact? Which need the most attention and analysis to get it right? Participants will exchange ideas and prioritize the most critical short and longer term responses.

Discussion Leaders

- **Benoît Coeuré**, Assistant Secretary for Multilateral Affairs and Development Policy, Ministry of Economy, Finance and Employment, France
- **Daniel M. Hofmann**, Chief Economist, Zurich Financial Services, Switzerland

17.15 - 18.00

Closing Plenary Session

Building Resilience into the Financial Architecture Design in Changing Markets

What will it take to make the global financial system more resilient? Participants will share the key findings and insights from the break-out discussions and discuss the key next steps.

Moderated by

Suzanne Nora Johnson, Trustee, Carnegie Institution of Washington, USA

18.00 - 18.30

Transfer to Bank of England

18.30 - 19.00

Reception

19.00

Dinner

hosted by the Bank of England

Opening Remarks by

- **Kevin M. Warsh**, Governor and Board Member, Federal Reserve System, USA