

VALUATION & RISK POLICY FORUM

9th July 2009, Marriott Hotel, Brussels



Regulatory Changes for Valuation & Risk Professionals *following the G20 Summit*

*A key forum for valuations policy makers,
regulators, standard setters,
users, advisors and vendors to review
and debate the main issues facing the
industry following the G20 Summit*

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FORUM HIGHLIGHTS

Following the G20 Summit in London in April there has been an increased focus on the role of financial asset valuation in the financial system generally, and particularly its impact in the recent financial crisis. A number of recommendations have been made to reform the regulatory regime for valuation, and a number of bodies have either been tasked with (or taken it upon themselves) to work on this. Many of these initiatives are due to report in the second half of 2009.

From a user perspective, this has led to a high degree of confusion and uncertainty as to what the future might hold for their valuation obligations and a level of anxiety that they are not fully engaged in, or having any input into, this process. The speed at which the initiatives are due to progress also raises the prospect of important considerations not being taken into account and/or critical views having not been consulted.

This timely forum allows policy makers, regulators, standard setters and industry bodies can inform the industry of the current state of play in the reform process. In addition, valuations users, advisors and vendors, who will have to work with the new rules and regime, can engage and consult with the regulator community before the reforms are set in stone.

The Forum will address:

The rationale for the G20 reforms and what they imply for valuation and risk rules;

The main changes being considered by the regulators and standard setters in light of these recommendations;

Initiatives being undertaken by other key stakeholders involved in the valuations and risk business;

Whether the G20 analysis was sound and its proposals are really the answer to our problems.



PROGRAMME

MORNING

0830-0900 **Registration & Coffee**

0900-0915 **Chairman's Introduction**
The conference themes, sessions and speakers are introduced by today's chair.

Ian Blance, Principal, IBC

0915-0945 **The New International Financial Architecture**

The proposals for reform of the international financial system by the G20 and subsequent actions by the US and EU illustrate that the financial regulatory landscape institutions will face in the near future differs enormously from that they have become used to. In this session, the ICFR think tank give their view of how this may look.

Dr. Richard Reid, Director of Research, International Centre for Financial Regulation

0945-1015 **View From Regulators**

The main regulatory bodies for banking, securities and insurance were all participants in the G20 process and all have a critical role to play as supervisors in the new oversight regime. This presentation reviews the Basel Committee's views on fair valuation of financial instruments for the banks and we hear what the BCBS is going to expect from users in the future.

Marc Pickeur, Co-ordinator Prudential Policy, CBFA and Chair of Audit SubGroup of Basel Committee Accounting Task Force

1015-1045 **Coffee**

1045-1115 **The New Role of the International Valuation Standards Council**

There is an often bewildering profusion of rules, standards and guidelines relating to valuation, depending on firm type, function, geography etc. A new mission of the IVSC is to try to make sense of this confusion in the setting and promoting valuation standards for financial assets consistent with its past work on real estate, business and intangible asset valuations. Here the IVSC explain this new role and its progress.

Michel Prada, Chairman, International Valuations Standards Council

1115-1145 **View From Standards Setters**

The role of financial accounting and valuation standards, particularly Fair Value, in the financial meltdown was - and still is - the subject of fierce debate. The G20 saw pro-cyclicality and transparency as key issues and have tasked the standard setters with coming up with a plan to address these problems by Fall 2009. This session reviews the key issues to be addressed.

Philippe Danjou, Board Member, International Accounting Standards Board

1145-1215 **View From Valuation Practitioners**

It is the users and producers of financial asset valuations who will have to operate under the new regulatory regime and many remain uncertain as to their future obligations and far from convinced that the current process is going in the right direction. This session looks at some of the practical problems going forward.

Jean-Florent Rerolle, Managing Director, Houlihan Lokey

1215-1330 **Lunch**

AFTERNOON

1330-1415 **Valuations Vendor Roundtable**

The commercial vendors of valuation and risk services have an important role to play in the provision of independent services in this field. Here some of the key players review of developments and initiatives to help promote objectivity and transparency in the valuation of financial assets.

Thomas Aubrey, Managing Director, Fitch Solutions
Peter Jones, Global Head of Valuation Scenario Services, Standard & Poor's

1415-1445 **Critique of the G20 Recommendations**

Much of the current regulatory and standards work is based on the analysis and conclusions made by the G20 system. This analysis and its implications are not accepted by all. In a recent paper the IEA think tank presented an alternative view of the causes of the financial crisis, and the consequent recommendations for policy reform. One of the authors of this paper presents the IEA case.

Professor Laurence Copeland, Cardiff Business School and IEA

1445-1515 **Coffee**

1515-1545 **View from Industry Associations**

The main trade associations have produced a series of guidelines for their members on sound methods and best practice in the area of valuation and risk management. They are also engaged in ongoing efforts to support their members with their valuation duties and this session covers some of the key valuation and risk initiatives underway in the industry focusing on efforts to increase transparency and valuation certainty in the securitisation markets.

Christian Krohn, Director of European Regulatory Policy, SIFMA

1545-1615 **The G20 Reform Proposals and the EU Response**

The analysis of G20 Working Group 1 on enhancing sound regulation and strengthening transparency led to a series of recommendations, many of which related directly to valuations and associated risk measures and processes. This session reviews the rationale for this analysis along with the key proposed changes relating to asset valuations. It also reviews the recent EU proposals on regulatory reform.

Pierre Delsaux, Director, DG Markt, European Commission and EC Representative on G20 Working Group 1.

1615-1645 **Valuation Standards as a Policy Instrument**

Valuation standards are currently under scrutiny in an unprecedented manner, with many interest groups blaming valuation methods for the present financial crisis. Nicolas Veron of the Breugel think tank is an influential expert in accounting and valuation standards and how they should - and perhaps more importantly should not - be used as a policy instrument.

Nicolas Veron, Research Fellow, Breugel

1645-1700 **Conclusions & Thanks**

1700-1900 **Cocktails**

SPEAKER PROFILES



Thomas Aubrey, Managing Director, Fitch Solutions

Thomas is Managing Director at Fitch Solutions responsible for the strategy, operations and global P&L of all Fitch Solutions subscription products.

Thomas joined Fitch in 2007 and has extensive experience in managing information businesses in the financial services sector. Prior to Fitch, Thomas spent 4 years at Thomson Financial where he was director of the investment management segment responsible for the Datastream and IBES franchises globally. Prior to this Thomas spent four years at FT Interactive Data in a number of roles including Strategy & Markets Group Director with the focus of growing the nascent fixed income valuations business across Europe. Before that he spent five years as an international management consultant in Europe, North America and Asia.

Thomas is a prominent commentator on trends in the financial information services industry and has published numerous reports and papers with regards to risk management and financial markets. Recent work on liquidity risk as well other studies on the measurement of non-financial risks in conjunction with the World Economic Forum have been widely cited in the press. He holds degrees from the London School of Economics and the University of Cambridge.



Ian Blance, Principal, IBC

Ian Blance is Principal of IBC, organisers of this conference. Ian has over 20 years experience in the financial markets focused on the research and valuation of securities and derivatives. In his earlier career, Ian spent 12 years with Interactive Data, setting up and building their European fixed income evaluations business and subsequently running the Global Evaluations Division in New York. Before Interactive Data, Ian was an economist and senior bond strategist in investment banking. Ian is currently acting as Technical Advisor to the Financial Assets Expert Group of the International Valuation Standards Board.



Professor Laurence Copeland, Cardiff Business School

Laurence Copeland holds degrees from Oxford and Manchester, and has been successively lecturer at Manchester, Professor of Finance at Stirling and, since 1995, at Cardiff University. His conference presentations and journal publications cover a range of subjects including: inflation, exchange rates, stock and bond markets, index futures, mutual funds. His recent work has focussed on Asian markets, microstructural issues and the pricing of extreme event risk. In addition to visiting appointments at universities across the world, consultancy for major financial institutions, hedge funds etc, training market professionals in the UK and Europe and occasional appearances on TV and radio, he is author of the widely-used textbook 'Exchange Rates and International Finance', now in its 5th edition, and a regular blogger for Thompson Reuters.



Philippe Danjou, Board Member, International Accounting Standards Board

Until his appointment to the IASB, Philippe was the director of the accounting division of the Autorité des Marchés Financiers (AMF), the French securities regulator. He graduated from HEC, then qualified as a Chartered Accountant and Registered Statutory Auditor, and joined Arthur Andersen & Co. (Paris) in 1970. At Arthur Andersen, Mr Danjou ultimately became an audit partner. He was also Executive Director of the French Ordre des Experts Comptables (OEC) from 1982 until 1986.

Mr Danjou was a member of the International Auditing Practices Committee and a technical adviser to the French delegate to the former International Accounting Standards Committee, the predecessor to the IASB.

While at the AMF, he has served on the IASB's Standards Advisory Council, as an observer at the Committee on Auditing of the European Commission, as a member of IOSCO's Standing Committee 1 on Multinational Accounting and Disclosure, and the Financial Reporting Committee of the Committee of European Securities Regulators (CESRFin).

In 2006, he was appointed chairman of the European Enforcers Coordination Sessions created by CESRF in to help foster consistent enforcement by regulators of IFRS-based financial statements.



Pierre Delsaux, Director, Unit F, DG Markt, European Commission

Pierre Delsaux was born in Belgium in 1957. After studying Law at the University of Liège, he obtained his Master of Law at the Northwestern University in 1983. He was Legal Secretary at the Court of Justice from 1984 to 1987. His career within the Commission has included working in the Directorate General Competition (1991-1994) and the Directorate General Internal Market. He is currently Head of Unit and acting Director of Free movement of capital, Company Law and Corporate Governance. He was also Secretary of the Lamfalussy Group.



Peter Jones, Global Head of Valuation Scenario Services, Standard & Poor's

Peter Jones has over 15 years experience in the financial markets data and analytics industry and joined Standard and Poor's in 2005. He was instrumental in building out the European ABS/MBS and wider evaluation business within Europe. Peter is global head of Valuation Scenario Services, an extension of S&P's valuation offering. Peter is a frequent speaker at industry seminars and conferences and regularly contributes to a wide range of industry and media forums on issues surrounding the valuation of illiquid assets.



Christian Krohn, Director, Regulatory Policy, SIFMA Europe

Christian Krohn works for the Securities Industry and Financial Markets Association focusing on European regulatory issues. Mr Krohn is a LLM and MBA graduate with 13 years' experience working in the financial services industry. Prior to his current position he worked in the FSA Market Policy Department focusing on the UK implementation of the Transparency Directive and the development and implementation of FSA policy relating to the clearing and settlement of securities transactions. From 2000-2002 Mr Krohn was legal consultant to the Association of National Numbering Agencies (an international entity standardising securities data and disseminating financial information), and from 1995-2000 he was in-house legal advisor to the Danish Securities Centre (an electronic securities depository and clearing house).



Marc Pickeur, Coordinator Prudential Policy, CBFA

Marc Pickeur is Coordinator of Prudential Policy of the Belgian Banking and Finance Commission, in charge of accounting, reporting, auditing and compliance issues. Marc is also a member of the Accounting Task Force, a main Expert Sub-Committee of the Basel Committee on Banking Supervision and is

SPEAKER PROFILES

representative of the Basel Committee on the Consultative Advisory Group of the International Auditing and Assurance Standards Board (IAASB), on the IAASB Fair Value Auditing Guidance Task Force, on the Consultative Advisory Group of the International Ethics Standards Board for Accountants (IESBA) and on the International Forum of Independent Auditor Regulators.

Marc also Chairs the auditing subgroup of the Accounting Task Force and is chair of the auditing subgroup of the Expert Group on Financial Information (EGFI), a main expert group of the Committee of European Banking Supervisors (CEBS) and is observer on the Accounting Regulatory Committee that assists the European Commission on international accounting standards. Marc holds a Master in Business Administration (University of Antwerp, Belgium)



Michel Prada, Chairman, International Valuations Standards Council

Michel retired as Chairman of the Autorité des Marchés Financiers (AMF), France, in December 2008, after five years in the post. Following his retirement from AMF, Mr. Prada was appointed as a member of the Financial Crisis Advisory Group set by the International Accounting Standards Board and the US Financial Accounting Standards Board to consider financial reporting issues arising from the global financial crisis.

From 1966 to 1970, Mr. Prada was Inspecteur des Finances. He has subsequently served as Directeur de la Comptabilité Publique (1978), Directeur du Budget in the Ministry of the Economy (1985), Inspecteur Général des Finances (1987, 2002-2003), Chairman of the Crédit d'Équipement des Petites et Moyennes Entreprises (CEPME) (1988), Member of the Conseil Économique et Social and the Conseil National du Crédit (1994-95), and Chairman of the Commission des Opérations de Bourse (COB) (1995). Mr. Prada was Chairman of the Executive Committee of the International Organization of Securities Commissions (IOSCO) between 1996 and 1998, and also Chairman of the Technical Committee (September 1998 to May 2000; reappointed October 2005).

He has been the Chairman of the Board of the Orchestre de Paris and of the Board of the Institut d'Études Politiques de Bordeaux. He has been awarded the titles of Commander of the "Légion d'Honneur" and Great Officer of the "Ordre National du Mérite" and is also Chevalier of the "Ordre National des Arts et Lettres."



Dr. Richard Reid, Director of Research, International Centre for Financial Regulation

Before his appointment Richard was a Managing Director of Citigroup's Economics Department in London. Previously Richard was Chief International Economist for Donaldson Lufkin & Jenrette, where he developed thematic issues such as the impact of the "New Economy" on equity markets and the changing structure of Europe's financial systems. Richard spent fourteen years as Chief European Economist for UBS, five of which were spent in the company's Frankfurt office.

In addition to his private sector experience Richard has also advised HM Treasury and Civil service committee on international monetary affairs and is a noted commentator on Bundesbank and the ECB. Richard holds a Ph.D. and M.Sc. from Strathclyde University in Glasgow, both in financial economics and an M.A. (Hons) in Economic History from Aberdeen University.



Jean-Florent Rérolle, Managing Director, Houlihan Lokey

Jean-Florent Rérolle is Managing Director and European co-head of Financial Advisory Services at Houlihan Lokey Howard & Zukin, France. He was previously a corporate finance partner with Ernst & Young from 1995 – 2004. Jean-Florent has lived and worked in the United States as well as France. He is a founder and a member of the Board of the Société Française des Évaluateurs. He teaches at two management schools - ESCP-EAP and HEC Group - and is a lecturer at the Institut d'Études Politiques de Paris.



Nicolas Véron, Research Fellow, Bruegel

A recognised expert on capital markets, financial services regulation, and corporate strategies, Nicolas Véron has been involved with the development of Bruegel since its inception in late 2002 and works there on a full-time basis as a Research Fellow since 2005.

Véron's background is in both public policy and corporate finance. In his early career, he worked for the Saint-Gobain Group in Berlin, for Rothschilds in Paris, and as economic aide to the state representative (Préfet) in Lille, France. Between 1997 and 2000, he was the corporate adviser to France's Labour Minister. He then became chief financial officer of a publicly-listed Internet company in Paris (2000-2002), and in mid-2002 founded ECIF, a financial-services consultancy.

He is the author of *Smoke & Mirrors, Inc.: Accounting for Capitalism*, a book on accounting standards and practices in a changing financial system (Cornell University Press, 2006), and of several policy papers and essays at Bruegel, including on the internationalisation of large companies, accounting standards, banking supervision, financing of high-growth firms, oversight of foreign investment, and rating agencies. Since March 2005 he also writes a column on business and markets for *La Tribune*, France's second-leading business daily. He comments regularly on radio and TV including the BBC, CNBC, and Bloomberg TV.

Véron is a member of the Panel of Financial Services Experts to the European Parliament's Economic and Monetary Affairs Committee, of the Corporate Disclosure Policy Council of the CFA Institute, and of the Accounting and Auditing Practices Committee of the International Corporate Governance Network. He has initial training from *Ecole Polytechnique* (Palaiseau, France) and *Ecole des Mines* in Paris and speaks fluent English, French, German, Italian and Spanish.

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IBC is an independent practice specialising in financial asset valuations and associated analytics and risk. IBC works with a number of clients in the asset valuations area, from users, advisors and regulators through to vendors.

IBC provides analysis, research and advice in a range of critical areas, including user best practice and process, regulation and compliance and valuation and analytic vendor options.

*Marriott Brussels, Rue Auguste Orts 3-7,
Auguste Ortsstraat 3, 1000 Brussel,
Brussels, Belgium
Tel: +32 2 516 9090*

Contact : Ian Blance
Tel : +44 (0) 1684 833145
Email : ian@ianblance.com
Website : <http://www.ianblance.com>