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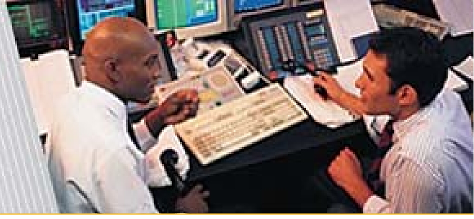

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ACI Launches New Model Code in London

ACI – The Financial Markets Association officially launched the latest version of its Model Code at an event hosted by ACI UK in London on Tuesday 12 February. The event was co-hosted by ACI's Committee for Professionalism (CFP), the body responsible for the code.

David Woolcock

ACI UK President, Morgan McDonnell opened proceedings by reiterating the need for a moral code of conduct in markets. "As we go down the path of far more automation and straight-through-processing, we need to be able to trust our providers implicitly," he told attendees. "While we may not see the facts or directly converse with our price makers and takers, the need to have the same level of integrity and high standard process is key."

The Model Code is a set of guidelines, both technical and ethical, covering the professional activities of ACI members. The CFP is responsible for market practices and advises the ACI Executive Board.

McDonnell continued, stating that a commitment to adhering to the Model Code remains indicative of a company's commitment to best practice, "Our model allows us to face regulators, face our counterparts and most importantly, face our customers and say, 'I believe in and practice, to the highest level of integrity, to the highest levels of professionalism, to the highest level of ethical behaviour in all dealing, trading and every transaction I have with you'. This is above and beyond any legal or regulatory requirement.

"Furthermore, if you do not believe in these standards, and you do not practice to the level demanded by the Model Code, there is no place for you in ACI."

Manfred Wiebogen meets attendees at the launch

Work on the first version of the code of conduct began in 1973 and was published in 1975. It was later updated in 2000 and presented in Paris, a process which saw a number of additions but few revisions. ACI's Executive Board approved the rewrite of the code, which was presented to the Board in

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Message from the President

The Migration of Financial Institutions

Regulation and…once more regulation. As free economy-driven financial markets find their way into managed, state-directed economy-driven financial markets, can you still keep up with what needs to become implemented and when? What do we need to do under Dodd Frank and what exemptions are there under EMIR, for example? Regulation has become an issue that causes more concern than the recent turmoil in markets.

Uncertainty over the impact of US rules made some European and Asian banks stop trading with US banks late last year. Some US banks are considering moving parts of their business (for example interbank swaps) outside the US, and this will have an impact on how they trade with their customers. Surprisingly, financial authorities from the European Union, the UK, France and Japan recently addressed a letter to the CFTC (US Commodity Futures Trading Commission) warning that some of their proposals, if handled wrongly, risk weakening the global trade of derivatives!

They noted the recognition, that…'the extra-territorial' scope of Dodd-Frank is a very hot topic as any financial institution that finds itself falling under the definition of 'US person' will easily find itself subject to the mandatory reporting, clearing and other requirements, according to

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Paris in September last year, as further updates were required in order to better-reflect the market.
David Woolcock, Global Head of Sales and Business Development at Eurobase, was appointed Chair of the CFP at the 51st ACI World Congress in Dubai last year. Since then, he has been overseeing the updates to the Model Code, supported by a graduate of the London School of Economics, Maninder Lidhar who joined as a summer intern.
Woolcock says, "With this launch of the new Model Code we are ending the process of drafting and producing a re-written Model Code, which will come into effect globally in March. We were the first body in the space that wanted to create a code of conduct and best practice guide, and while many have tried to copy it, none have been able to better it."


ACI UK President Morgan McDonnell


Gathering for the launch


Post event networking

ACI Singapore World Congress

Singapore Prepares to Host ACI World Congress

ACI members gather for the 52nd World Congress this month, and are set for two days of high level debate over the future of markets


ACI World Congress features speakers from the asset management, banking and regulatory sectors.

ACI Singapore, which will be hosting the 52nd ACI World Congress from March 14-16, at the Marina Bay Sands Convention Centre has unveiled an extended list of confirmed speakers as well as further details of the business program. The line up features speakers from the asset management, banking and regulatory segments of the industry.
ACI Singapore says the highly intensive business program has been structured over two days with a keynote address on each day, as well as five very interesting and topical panel discussions comprising some of the leading minds and exponents in the financial markets.
The Congress gets underway officially on the Thursday evening with the opening ceremony at which delegates will hear from Congress Chairman, Andrew Ng; President of ACI – The Financial Markets Association, Manfred Wiebogen; and the guest of honour, Ong Chong Tee, Deputy Managing Director at the Monetary Authority of Singapore.
ACI Singapore's Organising Committee says the first day will see high level discussions focusing on macro issues affecting the global financial markets.
Following a welcome address by Daniel Koh, President of ACI Singapore, the Congress keynote address will be delivered by Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and chairman of the International Monetary & Financial Committee at the IMF.
Following the keynote address, the first panel will consider the global outlook and this will help to provide a framework for many of the discussions to follow. The panel will be chaired by Ng Kok Song, Advisor and Chair of Global Investments for the Government of Singapore Investment Corporation (GSIC), one of the most respected and influential sovereign wealth fund managers in the world. Philipp Hildebrand, the former Head of the Swiss National Bank, who is now at Blackrock, Jim O'Neill, the Chairman of Goldman Sachs Asset Management, and Professor Eisuke Sakakibara, the former Vice Minister of

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Finance in Japan who is remembered as "Mr Yen" in the financial markets, will make up the panel.

The second panel will then consider the Future of Banking and whether there is a new Banking Paradigm. This panel, which will comprise top global banking leaders, ACI Singapore says, and will be chaired by Loh Boon Chye, Deputy President of Bank of America Merrill Lynch in Asia. The panel will be moderated by David Clark, Honorary President of ACI, who will guide John Cryan, President-Europe, Temasek Holdings; Piyush Gupta, CEO, DBS Group Holdings; Antonio Horta-Osorio, Group Chief Executive, Lloyds Banking Group; and Robert Morrice, CEO, Barclays Asia Pacific through a range of topics relevant to the banking industry.

The final business session of the first day will be a regulatory panel that will look at the balance between safety and functionality in the financial markets. This panel will chaired by Lee Chuan Teck, Assistant Managing Director of the Monetary Authority of Singapore. Panelists slated to speak are Belinda Gibson, Deputy Chair of the Australian Securities & Investments Commission (ASIC); Daryl Ho, Head of Market Development at the Hong Kong Monetary Authority (HKMA); and Stewart MacBeth, President and CEO of DTCC Deriv/SERV, The Depository Trust & Clearing Corp.

ACI's General Assembly will close out proceedings on the first day before delegates adjourn to Gardens by the Bay for an evening networking event.

The second day will focus on the specific Asian theme of the Congress, namely "Understanding Asia – Impact & Influence".

Following a keynote address from Antony Leung, Chairman Greater China, Blackstone Group and former Financial Secretary to the Hong Kong SAR, panel four will discuss the impact of China and the rest of Asia on Financial Markets. This panel will be chaired by Anita Fung, CEO of HSBC Hong Kong who has also headed HSBC's Global Banking & Markets Businesses in Asia. Leung will join the panel, and speak alongside other speakers that are still to be named.

The final panel will look specifically at the hedge fund industry in Asia. Besides looking at the challenges and benefits of setting up a fund in Asia, the panel of highly influential hedge fund managers will also offer their views on the markets and some trading ideas which could specifically benefit our trading participants.

This panel will be chaired by Danny Yong, one of the leading Hedge Fund Managers in Asia, and will be a "closed door" session where their views will not be published. Speakers will be Bart Broadman, Managing Director of Alphadyne Asset Management; Adam Levinson, Chief Investment Officer, Fortress Asia Macro Funds; Ramin Touloni, Executive Vice President and Chair of the Asia Pacific portfolio committee, PIMCO; and Zoltan Varga, Executive Managing Director, Och-Ziff Capital Management Group.

The final networking event of the Congress takes place that evening, the gala dinner at Marina Bay Sands, during which the traditional handing over of the ACI flag will take place from ACI Singapore to ACI Germany.

ACI Singapore says delegates will experience exciting local flavours and culture within a massive flower dome on the Friday night. It also has an "accompanying person" program, which will showcase the multi-cultural and multi-racial facets of Singapore.

"We trust that you are as excited as we are with the programs, both business and social, that delegates and accompanying persons will experience during the 52nd ACI World Congress," ACI Singapore managing director Mervyn Fong says. "And we look forward to welcoming all of you to Singapore in March 2013.

ACI Maintains China Momentum

ACI continues to meet with various market bodies in China as part of its mission to assist the local market in its development.

The China Foreign Exchange Trade Systems (CFETS) has been looking at cooperating with ACI over an educational program which would involve ACI managing a five day training program covering all aspects of the foreign exchange markets from spot to options and futures.

L-R: Mr. Zheng Fang Yuan, Dr. Han Jun, Dr. Zhang Zhong Sheng, General Manager, Manfred Wiebogen, Linda Lee (both ACI), Mr. Shi Yong Wei

If such a course comes to fruition, ACI will identify the appropriately qualified trainers to provide the seminars to help CFETS deliver a comprehensive and strong program. ACI believes there could be great demand for such an education program, CFETS representatives have in the past indicated that candidate numbers could number up to 1,000.

CFETS is a major institution in China, where all traders and institutions involved in the RMB business are required to be locally registered and certified. It is sponsored by the Peoples Bank of China and is tasked with providing the technology infrastructure for foreign exchange and bond trading as well as RMB lending.

Director General Xiamen Municipal Bureau, Mr. Jeoven Wong visits the ACI booth at the 16th CIFIT

In a separate development, ACI has been invited to sign a Memorandum of Understanding with the Oracle Bay Training Centre in Shanghai, which

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China Momentum. Continued from p.3

currently cooperates with 45 universities, 12 institutions for certification and more than 200 corporations.

The MOU is currently being verified and will be closed soon. Oracle Bay organises training in the Shanghai area, and has the potential to host meetings, become a test centre, and also organise seminars.

At the invitation of the regional Xiamen Government, ACI also recently ran an exhibition booth at one of the biggest exhibitions in China. The 16th China International Fair for Investment & Trade is widely seen as China's premier investment event, solely sponsored by China's Ministry of Commerce and approved by the State Council of the People's Republic of China.

The event attracted 14 pavilions and 4,000 booths and involved forums and seminars for invited guests. ACI received student support for the building and running of our stand, which attracted investors, associations, financial institutions, students, corporations and many others.

Message from the President. Continued from p.1

The Wall Street Journal.

On the other hand, and equally surprisingly, 11 Eurozone countries agreed at the beginning of October to impose the levy of a tax on financial transactions.On February 14, 2013, the European Commission adopted a proposal that pushed us towards a financial transaction tax. The tax is proposed to be 0.1% on share and bond transactions and 0.01% on derivatives.

What might happen amidst all this activity? As described above and just to reiterate, under Dodd-Frank financial institutions could, and will, seriously reconsider their domicile, switching probably to London, Luxembourg and Singapore, to name just three. Let's call it simply MIGRATION.

Is there still anyone out there talking about how we are living in a globalised world? It looks like politicians have lost the global scope and are focusing on their regional playing field – becoming the (local) voters' darling, and into the bargain losing the responsibility and ability to act as a visionary. This is a development which seriously concerns me! A development which requires and unified effort by banking associations and Non-Government Organisations like ACI.

We hope you have had a good start to 2013 and we, the Executive Board, wish you a prosperous year.

Manfred Wiebogen, President ACI

ACI Meets with ICC

On the sidelines of ACI's Executive Board meeting in Paris in early September, ACI's President and Managing Director met with representatives from the International Chamber of Commerce (ICC) to identify and discuss common goals and potential grounds for cooperation.

The ICC is one of the largest and most representative business organisations in the world with hundreds of thousands of member companies in over 130 countries. These companies have interests spanning every sector of private enterprise. The ICC was founded in 1919 to serve world business by promoting trade and investment, open markets for goods and services, and the free flow of capital. The organisation's international secretariat was established in Paris and the ICC's International Court of Arbitration was created in 1923.

During the discussions a possible area of cooperation was found in an arbitration service. Thierry Sénéchal, Senior Policy Manager, Banking Commission, at ICC backed the values of the Model Code and offered the ICC's endorsement for the role ACI plays in the governance of the OTC markets. The Model Code was highlighted as a potential source of arbitration in disputes between private enterprises and financial markets participants.

ACI's Executive Board will evaluate this further and report back on developments.

ACI Expresses Concerns Over Rate Fixing

ACI – The Financial Markets Association has strongly condemned any kind of manipulation in the setting of fixing rates. The Association says it is concerned about recent headlines surrounding the manipulation of interest rate benchmarks, specifically that they can cause damage to financial industry.

The Model Code clearly defines ACI's principles in such an issue, and prescribes the conduct, practice and ethics which are fundamental to ensure high standards are maintained by all. The Model Code promotes the highest standard of conduct and ethics and stresses that dealers must ensure senior management involvement and supervision in all market activities. It also recommends an organisational structure that ensures independent risk management controls exist and promotes the involvement of a thoroughly professional management team in all administrative processes.

The Model Code generally applies to all OTC market participants and must be followed by ACI's members.

ACI has followed the ongoing investigations into the manipulation of not only LIBOR but also Euribor and TIBOR fixings with concern and wishes to stress that it is not aware that any of its individual members is subject to any part of the investigation.

ACI – The Financial Markets Association and the European Banking Federation (EBF) are co-founders of the Brussels Euribor fixing, which was launched in 1999. Whilst the USD-LIBOR fixing is managed by 18 banks, the EUR-Euribor fixing consists of 43 contributing banks, which provides a much broader cross section of the market. Euribor is calculated by eliminating the highest and lowest 15% of all the quotes collected (the six highest and the six lowest). The remaining rates are averaged and rounded to three decimal places.

Meet the market movers and gain unique insights on global financial market trends from an Asian perspective.

Visit our website www.acisingapore2013.sg to register or for more congress updates.

For enquiries, email info@acisingapore2013.sg or call +65 6411 6690.

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ACI and EBF Express Concerns over Fixing Withdrawals

One unfortunate aspect of the recent crisis over accusations of rate fixing, has been a reluctance on the part of some banking institutions to take part in the benchmark fixing process.

Whilst ACI – The Financial Markets Association and Euribor EBF understand that both European and international banks are reviewing their operational and reputational risks, as well as potential costs, when participating in benchmark fixings, the two associations are particularly concerned that some banks may decide to withdraw from the panels which set the daily rates.

In the traded markets, the fixing of benchmarks has always been the responsibility of independent market participants. Furthermore, central banks across the globe have clearly expressed their objections to taking over the rightful place of banks, preferring market participants to continue to fully play their role in the rate setting process.

"We strongly condemn any manipulation of interbank rates or any other benchmark and firmly remind market participants of the responsibility they owe the market when setting these crucial rates," says Manfred Wiebogen, President of ACI – The Financial Markets Association. "But before retaliation measures are applied, evidence must be examined and costs correctly assessed. Clearly, the obligation for banks to make compensation payments is worrying and has partly led to the reservations banks have about their participation in benchmark fixing processes."

Guido Ravoet, Chief Executive of Euribor-EBF, adds, "Banks' responsibility in setting benchmarks is part of their core role as market participants. That responsibility must remain theirs and nobody else's. Withdrawing from the benchmark setting process would send the wrong signal."

The European Commission has informed the two bodies that they wish to have the Euribor panel as large as possible in order to enhance the credibility of the benchmark. Therefore, they are considering making it mandatory for banks with a significant turnover in the money markets to be part of the panel. Clearly, the withdrawal of just one bank participating in a fixing weakens the entire system and erodes not just confidence but also professional and public interest. This must be avoided.

In a separate statement, ACI – The Financial Markets Association strongly condemned any kind of manipulation in the setting of fixing rates. The Association says it is concerned about recent headlines surrounding the manipulation of interest rate benchmarks, specifically that they can cause damage to financial industry. The Model Code clearly defines ACI's principles in such an issue, and prescribes the conduct, practice and ethics which are fundamental to ensure high standards are maintained by all. The Model Code promotes the highest standard of conduct and ethics and stresses that dealers must ensure senior management involvement and supervision in all market activities. It also recommends an organisational structure that ensures independent risk management controls exist and promotes the involvement of a thoroughly professional management team in all administrative processes.

The Model Code generally applies to all OTC market participants and must be followed by ACI's members.

ACI has followed with concern the ongoing investigations into the manipulation of not only Libor but also Euribor and Tibor fixings and wishes to stress that it is not aware that any of its individual members is subject to any part of the investigation.

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Dominique Strauss-Kahn

ICA Meets in Casablanca

Interarab Cambist Association – ICA, ACI's sister body in the Middle East area, held its annual conference in Casablanca. Some 500 delegates gathered for the networking and business event. ACI held its Foreign Exchange Committee meeting on the sidelines of the event.

At the meeting, Abudllah al'Ahmadi was re-elected President, and Amr Bahaa as Vice Chairman of the Association. Tony Blair and Dominique Strauss-Kahn provided excellent keynote speeches that looked at the region, as well as the ongoing sovereign debt crisis in Europe.

CFTC Responds to Exemption with Relief from Mid-Market Rule

The Commodity Futures Trading Commission has responded positively to industry overtures to adjust its mid-market rules for exempted FX transactions. Following the announcement of the exemption for FX swaps and forwards, the New York Foreign Exchange Committee (FXC) and Financial Markets Lawyers Group (FMLG) asked the CFTC's Division of Swaps Dealer and Intermediary Oversight to provide relief in the largest 13 deliverable currencies (excluding Korea which is a closed market) from the requirement to disclose pre-trade mid-market marks under CFTC swaps dealer rules.

Although the FXC and FMLG operate under the auspices of the Federal Reserve Bank of New York, that institution specifically did not endorse the request.
Under the CFTC rules, major swap dealers are required to disclose to non-qualifying participants that are counterparty to a trade, either the "daily mark" of the transaction if it is cleared from the appropriate derivatives clearing organisation, or, for uncleared trades, the same mark from the major swap dealer or major swap market participant. CFTC says the rules allows the counterparty to assess, "the material incentives and conflicts of interest that the swap dealer or major swap participant may have in connection with a particular swap, which shall include: (i) with respect to disclosure of the price of the swap, the price of the swap and the mid- market mark of the swap."
In the letter to CFTC, the FXC and FMLG argue that what the CFTC terms Covered Forex Transactions, "involve highly-liquid currencies, exhibit narrow bid-ask spreads and are widely quoted by FX dealers in the marketplace". The committees also provided data backed up their claim that publicly available data is "substantially similar" to the pre-trade min-market mark.
The letter further asserts, "In light of the ready availability of reliable pricing information in the market, the transparency of the pricing information, the competitiveness and tightness of spreads and ongoing liquidity of these Covered [Forex] Transactions, compliance with the Pre-Trade Mid-Market Mark Requirement does not provide any significant informational value. The FXC's buy-side institutions believe that a mid-price for Covered [Forex] Transactions is not material and, thus, should not be required as it does not reflect a tradeable price. They are primarily interested in where they can best transact, which is at the best bid or ask."
In a letter replying to the request, Gary Barnett, director of the CFTC's Division of Swap Dealer and Intermediary Oversight, says, "It is the division's understanding that real-time tradeable bid and offer prices for each of the Covered Forex Transactions are available electronically, in the marketplace, to counterparties."
The FXC and FMLG also argued that disclosing the pre-trade mid-market mark "would require FX Dealers to create a new price stream when quotes are provided electronically and would add additional operational requirements for dealers when quotes are conveyed by voice." They continued that the new operational capabilities may add significant costs and that the delivery of the pre-trade mid-market mark for the Covered Forex Transactions may "adversely affect counterparties by delaying the trade time, since delivery must be made 'a reasonably sufficient time prior' to trading."
In his letter, Barnett says that based upon the representations made by FXC and FMLG, "The Division believes that no-action relief on the pre-trade mid-market mark requirement for the Covered Forex Transactions is warranted. Accordingly, the Division will not recommend that the Commission take an enforcement action against a swap dealer or major swap participant for failure to disclose the pre-trade mid-market mark, as required by [current regulations]."
The letter adds two caveats, however, firstly it says that tradeable bid and offer prices must be publicly available to the counterparty in an electronic marketplace, and secondly that the counterparty agrees in advance, in writing, that the mid-market mark need not be provided.
Barnett warns that the Division will continue to monitor market data with respect to the liquidity, bid and offer spreads, and publicly available information of the Covered Forex Transactions, and if the circumstances change, "the Division may limit, impose additional or different conditions on, or revoke this no-action relief".
He adds that the Division notes that this no-action relief is applicable only with respect to the Covered Forex Transactions and does not affect any obligations of a swap dealer or major swap participant to disclose pre-trade mid-market marks for contracts other than the Covered Forex Transactions. "However, the Division may consider extending this no-action relief to other transactions, if sufficient data and other relevant information are submitted to the Division establishing the appropriateness of an extension," he states.
Barnett also stresses that the no-action relief is applicable only to pre-trade mid-market marks and does not affect any obligation to provide a daily mark pursuant to other regulations.

Hungary, Denmark and Australia Host Dealing Simulation Course

After hosting its first course in 2006, ACI Hungary organised a second ACI Australia Dealing Simulation Course this October. Istvan Gondi, President of ACI Hungary says that the participants from the previous course still had very good memories and were "a great help" in getting candidates from the banks.

"On the last course we had 30 people from 5 countries," says Gondi. "This time we were also aiming to include people from countries south of Hungary, like Serbia, Croatia and Slovenia so we choose Szeged as the location. At the end we had 31 delegates from 6 countries (Serbia, Macedonia, Slovenia, Lichtenstein, Switzerland, Abu Dhabi and Hungary).

"This gave a good international flavour to the course," he adds. The training was conducted by Chris Howlett, COO of ACI

The best operational bank was the "Tiger" bank
Mónika Horváth – Raiffeisen Bank, Hungary
Zsuzsanna Kelemen – K&H Bank, Hungary
Zsolt Meszlény – Volksbank, Hungary
Vlatko Leskaroski – Komercijalna Banka, Macedonia

Zsolt Érsek

The most profitable bank was the "Jaguar" bank
Gabriella Kelemen – CIB Bank, Hungary
Zoltán Ballai – Raiffeisen Bank, Hungary
Attila Torma – MKB Bank, Hungary
Marko Dakic – Bank Intesa, Serbia

The best exam result was
Laurent Müller – Banque Cantonale Vaudoise, Switzerland

Australia and Colin Lambert, Editor of *Profit & Loss* as the two main teachers and Bulcsú (Bob) Sajgó who works at FX Broker a Hungarian company, managed the broking desk. Robin Poynder from Thomson Reuters also assisted throughout the course.

"The five day course was, as always, very intensive and busy," says Gondi. "We organised it to include even Saturday and Sunday so that the participants had to spend only three days off work."

As well as having 14 dealing sessions participants also listened to different presentations about market instruments, risk management, trading methodology, new regulations, ACI Model Code and even did some trading in the "old" way.

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The best dealer was
Marko Dakic – Bank Intesa, Serbia

The best broker was
Zoltán Ballai – Raiffeisen Bank, Hungary

"We had the pleasure to listen to the presentation of Zsolt Érsek, who is the Director of the Money and Foreign Exchange Market Operation Department in the Central Bank of Hungary," adds Gondi.

At the end of the course the participants sat an exam and the various awards were announced.

In addition to ACI Hungary, ACI Forex Danmark and ACI Australia both recently hosted the Dealing Simulation Course. In Vedbaek, Denmark, 33 delegates undertook a four-day course, while in Sydney, Australia, 27 delegates were put through their paces over five days.

Winners – Denmark

Best Dealer:	Madeleine Astrand, Nordea
Most Profitable Bank:	**Eagle**
	Tanja Eronen, Nordea
	Martin Wangberg Robertson, Danske Norway
	Frederik Dimo-Ungermann, Danske
	Miikka Riihimaki, SE Banken
Best Broker:	Margrethe Eggen Monsen, Danske
Best Operational Bank:	**Bear**
	Pernille Borch-Jensen, Danske
	Kim liljestrom, Nordea
	Sami Kankkunen, Danske Finland
	Andreas Albeck, Nordea
Best Examination:	Matthias Busutti, Central Bank of Malta

Winners – Australia

Best Dealer (joint):	Jodie Tilley &
	Elyse Sharp,Westpac
Most Profitable Bank:	**Snake**
	Jodie Tilley, Westpac
	Lee Vakas, Commonwealth Bank
	Andres Devoldere, Bank of New Zealand
Best Broker:	Samual Nightingale,
	Reserve Bank of Australia
Best Operational Bank:	**Jaguar**
	Hayley Bishop, Bank of New Zealand
	Stephen Bastian, Tullett Prebon
	Duy Dang, SunCorp
Best Examination:	Alison O'Rourke, Westpac

Euribor ACI Holds Workshop

The Euribor European Stakeholders workshop of 12 October 2012 gathered representatives from the Euribor panel banks, the European Institutions, stakeholders Associations and Euribor Steering Committee Members. It was aimed at drawing a global approach at European level on the future of the Euribor benchmark.

The Euribor index, created in 1999 with the introduction of the single currency, was primarily designed to give a gauge of the euro interbank market. With the passing years, the use of the Euribor index became increasingly diversified, playing an important role in the European financial stability. All agreed that, despite Euribor being the reference mark of the euro interbank market and proving its robustness over the years, the index needs to evolve and adapt to the current market environment and future regulatory and supervisory requirements.

Nevertheless, given the impact on existing contracts, including consumer loans, the proposed developments should focus on the enhancement of the governance of the fixing process.

The workshop's discussions led to the following action points:

- **The wording "prime bank" present in the Euribor definition, needs to be defined. While there is a general consensus on what "prime bank" means amongst market participants, there is currently no clear and harmonised definition of what a prime bank is. The notion of prime bank should not be based on rating.**
- **Euribor-EBF will work in cooperation with EBA and ESMA on recommendations to enhance the benchmark's governance and setting process.**
- **The Euribor Code of Conduct should include clear guidelines on the contribution process at panel banks' level. As Euribor is based on an expert appreciation of the market, those guidelines should include criteria defining who should be the submitters. Euribor-EBF will circulate a questionnaire amongst panel banks in order to define common contributions guidelines.**
- **Euribor-EBF, with the collaboration of the ECB, will work on a real-transactions calculation test and share the results with the European authorities. The calculation test should use the 1, 2, 3, 6 and 12 months maturities. Nevertheless, most participants in the workshop agreed that a transactions-based calculation might not be adapted to the Euribor index.**
- **Euribor-EBF will share its response to the European Commission Consultation with the panel banks and the stakeholder Associations.**

Euribor-EBF would like to thank all participants in this workshop, in particular Manfred Wiebogen for the oening remarks as well as Jaana Sulin and Jillian Mahon for moderating the workshops.

Report from Istanbul

ACI to Seek Full Time President

History was made at the ACI Council meeting in Istanbul when it was decided that to respond to the enormous challenges and changing market environment, ACI would, for the first time, employ a paid President & CEO.

This is the first time in history of the association that the Chair will be a full time job, acting as ambassador and intensifying internal and external contacts. The proposal follows a study of ACI's structure conducted by research firm ClientKnowledge.

ACI's Executive Board will establish a framework for delivery at the Council Meeting alongside the 52nd ACI World Congress in Singapore in March.

CFP Presents Re-Written Model Code

Committee for Professionalism Chair David Woolcock presented the re-written version of The International Code of Conduct and Practices for the Financial Markets (MOC) at the Istanbul meeting.

ACI's Council reviewed the new version ahead of publication on ACI's website at the start of December. The MOC then became finalised in its written form and design.

The next steps for the new code will be an endorsement procedure with the ICC, the International Chamber of Commerce in Paris, which has been showing enormous interest in promoting and supporting ACI's Model Code, especially as arbitration disputes are becoming a much bigger issue.

ACI and ACI UK are planning an official 'inauguration' reception of the new Model Code in the City of London January 2013. This will formally be the start of ACI's promotional and marketing campaign throughout 2013.

Copies of the re-written Model Code, which includes new chapters on FX Best Practices in Operations and electronic trading, can be found on http://www.aciforex.org/docs/misc/20120905_The_rewritten_Model_Code.pdf

Board of Education Presents New Program

A new education program was presented to ACI's Council in Istanbul by Board of Education Chair Claudia Segre and Director of Education, Andreas Emser.

The certification program of ACI will change from a two into a three level program under the plan. The character of the exams will not change but the new format will enable ACI to provide several options for candidates seeking to obtain level three, which will then become the ACI Diploma. The change will offer an enhanced and deeper financial knowledge for candidates, as well as extend the certification program into new business are not covered by the current program.

The first step will be the implementation of the new re-written Model Code into the Dealing Certificate, which is targeted for April 2013. The Dealing Certificate will also be updated with ALM (Asset Liability Management) and Risk topic backets, it will also be adapted to FSA exam standards.

Following that, the BoE will work on getting the new Diploma structure in place, with a full rollout (including all systemic changes) to take place in the first half of 2014. Under the new structure, different units will be developed and each will involve a separate exam and certificate. Candidates may sit for exams separately and the exam will involve two mandatory units plus a selective unit.

Under the proposed new structure, nine units will be offered. The two mandatory units cover FX, as well as fixed income and money markets. Candidates may then choose one additional unit from ALM and risk management; sales; Islamic banking; and operations. A seventh unit on The Model Code is targeted at seniors and it is mandatory for those candidates to be eligible for the Diploma. Two other units are proposed, they are equity and technical analysis, as well as commodities.

ACI will also offer a non-eligible unit comprising a local module which will include local regulatory issues.

In Istanbul, Segre told Council members that between 2008 and 2011 ACI had an average of 1,402 certificate takers (peaking during 2010 with 1,477 exams taken). Take up was highest in South Africa, Great Britain and Germany.

New Member for Executive Board

Brigid Taylor, President of ACI South Africa was confirmed at the Istanbul Council Meeting as the newest member of ACI' Executive Board. She joins a revamped regional organisation following the decision earlier this year to split the region Middle East and Africa into two distinct groups.

ACI MENA covers Bahrain, Egypt, Jordan, Kuwait, Lebanon, Tunisia and the United Arab Emirates, while ACI Africa has Kenya, Mauritius, Nigeria, South Africa,

Tanzania, and Zambia as its members.

The split is expected to help increase the service for regional affiliated associations as it will make it easier to represent regional demands at Executive Board level.

ACI Meets with Turkish Dealers Association

To celebrate the first ACI Council meeting in Istanbul, senior members of ACI – The Financial Markets Association met with representatives from the Turkish Dealers' Association, Para Yöneticileri Dernegy.

Following the meeting, which saw the two associations exchange ideas for the future and explore the opportunity for future cooperation, a reception for local market representatives was hosted. The reception provided the opportunity for representatives from the 25 countries attending the ACI Council meeting to meet socially with local dealers.

A recent publication from the Turkish Banking Regulation and Supervision Agency defined the asset size of the Turkish Banking Sector as TL 1.309 billion as of September 2012 (an increase of 7.5% from end-2011). The sector's return on assets and return on equities are, respectively, 1.8% and 15.7%, which are remarkably high.

ESMA Publishes CCP Guidelines

Following what it says are two rounds of consultation, the European Securities and Markets Authority (ESMA) has published its technical standards on the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR), which set out the specific details of how EMIR's requirements are to be implemented.

The EMIR framework aims to improve the functioning of OTC derivatives markets in the European Union (EU), by reducing risks via the use of central clearing and risk mitigation techniques, increasing transparency via trade repositories, and ensuring sound and resilient central counterparties (CCPs).
"The publication of ESMA's standards on EMIR sees the EU taking its final steps towards meeting the G20 commitment on bringing OTC derivatives trading under supervision, and provides clarity to the market on the shape of the new regime," says Steven Maijoor, ESMA chair. "The new regulatory framework reduces the risks arising from OTC derivatives trading by improving transparency in the sector and ensuring resilient central counterparties.
"The implementation of this regime enables the EU to play its role in strengthening the global financial system through promoting stable and well-functioning financial markets, ensuring a level playing field for market participants and enhancing investor protection," he adds.
The standards set out in detail the new regulatory framework for derivatives in the EU.
For increased transparency and supervision, the standards seek to define the details of derivatives transactions that need to be reported to trade repositories, including the information to be provided to ESMA for the authorisation and supervision of trade repositories and the data to be made available to relevant authorities and the public.
ESMA says it has clarified that reporting of collateral can be done on a portfolio basis and that reporting of mark to market values is only applicable to those counterparties under the obligation to calculate those on a daily basis (which does not include non-financials under the threshold). It has also extended the provisions on access by the relevant authorities to ensure that they will be able to fulfil their mandates.
To establish how the clearing thresholds will operate, ESMA says that in its standards, it clarifies that employee's benefits (such as stock options) and acquisitions would be covered by the hedging definition. "The values of the level of the threshold (from €1bn to €3bn depending on the asset class) and the way to calculate the non-hedging positions (gross notional value) has been kept mostly unchanged compared to the consultation paper," the paper states.
Specific standards to reduce counterparty risks are the setting out of the risk mitigation techniques for OTC derivatives that are not centrally cleared, such as timely confirmation, portfolio compression and reconciliation. ESMA says it has introduced phase-in periods for all requirements and adjusted the frequency of reconciliation and set the requirements for clearing members under an indirect clearing arrangement have been substantially modified, but still ensuring equivalent protection to indirect clients.
To ensure "sound and resilient" CCPs, the standards define a set of organisational, conduct of business and prudential requirements for CCPs including margin requirements, default fund, default waterfall, liquidity risk management, and investment policy of CCPs, as well as stress and back tests. "ESMA has maintained the 99.5% minimum confidence interval for OTC derivatives, but clarifying that a lower percentage can be used for products similar to exchange traded ones," it says. "The calculation of the look-back period has been

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In Memorium: Paul Mangomba

It is with great sadness that ACI – The Financial Markets Association informs you that Paul Mangomba, Treasurer of ACI Zambia, has passed away peacefully at the age of 50.

Paul died on October 18 after a spell of meningitis and is survived by his wife, Kayumba Mangomba and four children. Paul worked as a money market dealer for Finance Bank in Lusaka from 1994 and served in the ACI Zambia Executive Board as Treasurer until his untimely and tragic death.
Manfred Wiebogen, President of ACI says, "Our friend left us much too early – it is extremely hard to accept he will never again be amongst. ACI has lost a huge patron who embodied its spirit and mission."

Tatiana Puchkova

ACI – The Financial Markets Association was equally saddened to hear that Tatiana Puchkova from ACI Russia, died on November 29, 2012.
Tatiana was one of the first Russian members of ACI – The Financial Markets Association, entering the Association during the time the country was the USSR. She was granted the first ever honoree membership of ACI Russia at its latest Annual Assembly in May 2012.
"Her devotion to the professional community and readiness to spend time on the social work are priceless," says Sergey Romanchuk, President of ACI Russia. "She was an Executive Director – Secretary of ACI Russia for many years working at the same time for The International Bank for Economic Co-operation. A beautiful woman and an excellent friend she has left the life so early. We remember and grieve over her death."

substantially redesigned, going towards a period of at least one year including stressed market conditions and procyclicality addressed in a different and more flexible manner."
Further, the two-day minimum liquidation period for margin calculation has been maintained; more flexibility has been introduced for the models applicable to portfolio margining; "the skin in the game", as a percentage of the minimum capital, has been reduced to 25% from the initial 50%; and the conditions for the backing of bank guarantees has been revised and a delayed date of application introduced for energy markets.

GFMA Unveils Benchmark Best Practice

The Global Financial Markets Association (GFMA), which represents the world's financial and capital market participants, has published Principles for Financial Benchmarks, an outline of proposed best practice in the governance of financial benchmarks, which it says will promote both the integrity and efficiency of the global financial markets.

Recent Libor-related events have highlighted the need for a broader consideration of financial benchmarks, says GFMA, adding that the principles have been developed noting the issues described in a number of the current regulatory reviews, including The Wheatley Review of Libor. In a covering letter to regulators, GFMA has also called for legislative steps to ensure the guidelines are applied to systemically important indices.

The paper sets out key responsibilities for the benchmark sponsor, clearly defines the roles of participants and identifies ways to ensure transparency in the benchmarking process. The principles cover areas of benchmark quality, record keeping, data collection and outline how to set up effective controls.

In its covering letter, GFMA recommends that all systemically important financial benchmarks should be subject to regulatory oversight. A key recommendation is that, where a benchmark sponsor or other participant is already prudentially regulated, then that regulator should oversee the implementation of the agreed-upon standards. If the sponsor is not prudentially regulated, then GFMA recommends that appropriate administrative or legislative steps should be taken to ensure application of the standards.

In addition, GFMA notes that any new regulation should be developed consistently across jurisdictions, avoiding duplication and defining clear regulatory responsibilities for oversight of individual benchmarks.

"In light of the ongoing regulatory review of financial benchmarks, GFMA members have come together to determine a set of best practices, which are needed to enhance the integrity of global financial markets," says Simon Lewis, CEO of GFMA. "The key benchmark indices around the world need to be subject to consistent, transparent and sound practices to ensure the smooth functioning and efficiency of global financial markets. GFMA's principles are a major step forward in helping achieve this."

US Treasury Exempts FX Swaps and Forwards

The US Treasury Department has issued a final determination providing that certain mandatory derivatives requirements, including central clearing and exchange trading, will not apply to FX swaps and forwards.

In a release, the US Treasury department states: "The FX swaps and forwards market is markedly different from other derivatives markets. Existing procedures in the FX swaps and forwards market mitigate risk and help ensure stability. While central clearing requirements will strengthen the rest of the derivatives market, the potential benefit is reduced in the FX swaps and forwards market because existing practices already help limit risk and also ensure that the market functions effectively.

"This market plays an important role in helping businesses manage their everyday funding and investment needs throughout the world, and disruptions to its operations could have serious negative economic consequences," the statement continues. "Furthermore, settlement of the full principal amounts of the contracts would require substantial capital backing in a very large number of currencies, representing a much greater commitment for a potential clearinghouse in the FX swaps and forwards market than for any other type of derivatives market."

Given these considerations, the Treasury says, the exemption was granted. The final determination is narrowly tailored, it says, adding that FX swaps and forwards will remain subject to the Dodd-Frank Act's new requirement to report trades to repositories and rigorous business conduct standards. This was expected and The Depository Trust & Clearing Corp. continues to work on a project to deliver the FX trade repository. The Treasury says that the reporting requirements will "further improve the information available to regulators and their ability to oversee this market and their participants."

Treasury also reiterated that the Dodd-Frank Act makes it illegal to use these instruments to evade other derivatives reforms.

As expected, FX options, currency swaps, and non-deliverable forwards do not evade the Dodd-Frank Act's remit and will be subject to mandatory clearing and exchange-trading requirements.

"Unlike other derivatives, FX swaps and forwards already trade in a highly transparent, liquid, and efficient market," the Treasury says. "FX swaps and forwards are heavily traded on electronic platforms, and market pricing information is readily available from a number of sources. These factors reduce the potential benefits of mandatory exchange trading."