

**Thierry Philipponnat, opening remarks at Finance Watch's conference on MiFID:**

**“Financial Markets – Serving the Real Economy?”**

**Stanhope Hotel, Brussels  
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Good morning,

Welcome and thank you for joining us at Finance Watch's conference on MiFID.

It gives me great pleasure to welcome you and our distinguished speakers and panellists. We are joined today by MEPs, officials and senior executives to debate how we can develop financial markets to serve the public interest. It is a privilege for Finance Watch to serve as a platform for a discussion at this level.

Before we start discussing the substance of our topics, I would like to share with you the spirit that inspired Finance Watch in the organization of this conference.

As you know, Finance Watch was created from a call from many elected officials from all political horizons saying that in the field of financial regulation also there was a need for balanced arguments in a normal game of checks and balances inherent to democracy.

I feel that when we will be discussing technical issues today, we have to bear in mind at all times that behind these technical issues there is a fundamental economic, social and political dimension.

In the spirit that I was just describing, a Finance Watch event is always about a diversity of opinions coming together, about different people coming from different horizons to confront their views so that the debate can make progress. A Finance Watch event is never a sectarian event where people sharing the same opinion meet to congratulate themselves for sharing the same opinion and then walk away without having really contributed to the debate.

A Finance Watch event is always about what we are about to have today: i.e. a diverse group of high level experts confronting their views in a respectful way in order to make the debate progress with a view of contributing in the most constructive possible way to policy making.

As you are all well aware, Finance Watch has a very fundamental belief when it comes to financial markets: they should serve the simple purpose of making the supply and the demand for capital meet in a fair and transparent manner with a view of serving end investors and corporations. In other words, financial markets, and more generally finance, should be about investing and not betting.

Financial markets have grown unbelievably complex and, looking at all this complexity, one sometimes wonders whether financial markets are still effective at serving their purpose (serving investors and corporations) or only an efficient way for a relatively limited number of players of “playing the market” and benefiting from it.

As we know, MiFID is particularly topical at the moment in this part of the world and we are very lucky to have with us this morning two of the key actors in the MIFID negotiation: Nadia Calvino Deputy Director General for Financial Services at DG Markt, European Commission and Markus Ferber Member of the European Parliament and MiFID 2 Rapporteur: let me give them on your behalf a very special thank you for having accepted to share with us this

morning, as an introduction to the technical debates that will come after, their views on the current MiFID debate.

Very briefly, allow me now to use a little history to spell out what is at stake in those talks.

Nearly 75 years ago, in December 1938, the US Commodity Exchange Commission implemented the first speculative position limits for futures contracts in wheat, corn, oats and other essential foodstuffs. These limits served farmers and consumers well for many decades. Today, food shortages mean we are looking at this topic again and asking if we have the right tools to ensure a balance between speculation and hedging that works for society. This will be the subject of our discussion panel this morning.

In this month 25 years ago, October 1987, those of us old enough to remember saw a global stock market crash that became known as 'Black Monday'. The Dow Jones Industrial Average lost 22% in a day. At the time, some people blamed it on programme trading, others on excessive speculation.

These topics are with us again today. Then, as now, markets had undergone a period of rapid technological evolution without a corresponding leap in regulation. Then, as now, there were highly profitable financial innovations whose wider consequences were little understood. This will be the topic of our discussion panel this afternoon.

On this day five years ago, in 2007, US authorities created the "Hope Now Alliance" to help homeowners repay their debt. This early response to the sub-prime crisis was needed because the US financial system, layered with adverse incentives and leverage, had gone berserk with miss-selling of mortgages and mortgage-backed securities.

In MiFID, the topic is with us again – in lighter form - with the EU's proposed ban on inducements. I don't know if our keynote speakers will be able to comment on that today, but we will be looking with great interest to see if a recent agreement to drop a proposed ban on these adverse incentives will be revisited in the weeks to come.

MiFID is a chance to learn from the past and to bring the future of markets back to their core purpose: allocating society's resources and managing risk.

Before I hand over to our first keynote speaker, let me say again thank you for coming. I am sure we will have a fascinating day and I encourage you to join in the discussion during the Q&A sessions.

Before I hand over to Nadia Calviño and to Markus Ferber I wanted to let you know that Dominique Cerutti – President and deputy CEO, NYSE Euronext who was due to participate to our debate today will not be able to join due to unexpected and urgent business matters. Dominique sends his apologies.

Nadia, the floor is yours...