Thierry Philipponnat, opening remarks at Finance Watch's conference on Kay Review:

"Long Term Investing: What can the EU Learn from The Kay Review?"

Stanhope Hotel, Brussels
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Welcome to all,

I am delighted to welcome professor John Kay, the distinguished economist, academic, journalist and public servant, as well as Sharon Bowles the well-known chairwoman of the European Parliament ECON Committee who, as we know, holds a pre-eminent position on financial regulation matters in the European Union.

I cannot think of a better pair to make the keynote speeches for today's session which, as you know, aims at debating what the EU can learn from the so-called Kay review.

As we know, long term investing is high on the agenda of EU institutions with the Commission currently preparing its green paper on long-term investing, expected around the end of the year.

This session will be organised with Professor Kay presenting his report followed by Sharon Bowles's view of what the EU can learn from this review. We will then move on to a panel discussion with three more distinguished panellists who will interact with our speakers and whom I will present later during our session.

If you allow me some short preliminary remarks, I would like to address briefly the question of the definition of "Long Term Investing" and point out that both "long term" and "investing" can take at least two different meanings in the mouth of market practitioners.

Long term:

1. Definition proposed by the World Economic Forum: "Investing with the expectation of holding an asset for a very long period of time by an investor with the capability to do so".
2. Succession of short term periods.

Investing:

1. Bringing capital to productive use with a view of creating a partnership between the investor and the underlying economic project.
2. Choosing an asset with the unique view of deriving profitability or other perceived benefits such as diversification regardless of whether the capital provided has gone to productive use or not.

Bearing our own motto "Investing not betting" in mind, you will guess easily which definitions Finance Watch likes better but, regardless of everyone's positions, I thought that it was important to point out those fundamental differences for the sake of the clarity of our coming debates.

A key theme in Prof Kay's work is that it is better to regulate structure than behaviour. He recognises that regulation is more likely to succeed if it works with human nature and not against it. In practice this means: don't try to stop people from responding to incentives, just put the right incentives in place. This is an idea that, I feel, should be able to resonate with many of us here in Brussels and, more widely, throughout the European Union.

I will stop here for now as I do not want to pre-empt the discussion that will follow, but I would like to encourage everybody, speakers, panellists and all of you attending this seminar today, to bear in mind the double objective of the day:

I. Contribute in a meaningful way to the thinking behind the question of channelling capital to long-term investing (and obviously this question is wider than the question related to equity markets);

II. Come up with concrete and realistic ideas that can then implemented in the European Union taking into account the specificities of the Union, including the different legal and taxation systems of the various Member States.

I hope we can achieve this objective and all walk away tonight thinking that the exercise was well worth it.

Prof Kay the floor is yours