

The Guild of International Bankers



Newsletter

Autumn 2005

Michael J. Kirkwood Succeeds Lord George as Master of the Guild

At a meeting of the Election Court of the Guild Michael J. Kirkwood was elected Master of the Guild.

Michael Kirkwood joined Citigroup in 1977 and is currently Citigroup Country Officer for the United Kingdom and a Managing Director of the Global Banking Division. Born in Glasgow, Mr Kirkwood was raised in Asia prior to attending Glenalmond College in Scotland. He is a graduate of Stanford University in California. In addition to his role with Citigroup, Mr Kirkwood is a former Chairman of British-American Business Inc. and serves on the advisory boards of the Association of Corporate Treasurers (ACT), the UK Career Academy Foundation and, formerly, the London Business School (LBS). Additionally, Mr Kirkwood is a Vice-President (formerly President) and Fellow of the Chartered Institute of Bankers (ifs), Vice-President of the Council of the British Bankers' Association (BBA), Vice-Chairman (former Chairman) of the Association of Foreign Banks (AFB) and also serves on the CBI Financial Services Council. He is Chairman of Habitat for Humanity (GB). He was awarded a CMG in the Queens 2003 Birthday Honours List.

I am sure that you will all join me in thanking our outgoing Master, Lord George of St Tudy for his excellent term of office. He has led us through a significant period of development in our short history, not least of which was the presentation of our Letters Patent in recognition of our elevation to full Livery Status and the introduction of the Principles for Good Business Conduct. Throughout, he has set an excellent example to us all with his leadership, humour and diligence and we are fortunate to retain his wise counsel as the Immediate Past Master.

As you will see from the Membership Report, the Guild has continued to strengthen its position in the City, the UK and overseas, with 100 new members joining in the past year. We must not, however, become complacent.

Retirements, members returning to their home countries and loss of employment always lead to an annual loss in membership and we must continue to replace these members. It is only through a strong and vibrant membership that we can continue to support our charitable aims and to ensure that the Guild maintains its recognition as a major contributor to the City. I know that many of you have already introduced new members to the Guild and I hope that this will continue as it is by far the most effective means of increasing our membership.

You should all be justifiably proud of your contribution to charity and education, through your charitable donations. Our "badged" scholars have both performed excellently at school and your assistance with their bursaries cannot be underestimated. Our placement scheme with the Brokerage has not been as successful as we had hoped and again, I would ask that you all try to involve yourselves in this Guild endeavour.

Our varied and interesting events programme continues to attract members and guests and I hope that you will continue to support the Guild, and enjoy yourselves, throughout the coming year.

The Guild and Trust finances are in good standing and we are considering how to improve our disbursements, both national and international, to reflect the internationalism of the Guild and its members. We will, of course, keep you up to date with progress so that you know how your donations are being used.

It is a tremendous honour to be elected your Master and I look forward with anticipation to my year of office and hope that I can meet as many of you as possible at our functions.



Michael J. Kirkwood

The Guild Court of Assistants and Chairmen and Members of the Standing Committees

Details of the Court and Chairmen and Members of the Standing Committees can be found on the Guild website:

www.internationalbankers.co.uk

The Guild of International Bankers

1 Bengal Court, London EC3V 9DD

Tim Woods - Directline: 020 7337 1307 Fax: 020 7283 8302 Email: tim.woods@internationalbankers.co.uk

Membership Committee Report by Stephen Lockley

Around 100 new members have joined the Guild over the past year and the Membership Committee continues to work at promoting awareness of the Guild and its role throughout the City.

The main focus of activity for the Membership Committee over the past year has been on attracting new members to the Guild, at the same time as broadening the membership to include more financial services professionals from outside of the traditional banking institutions, as well as more women and younger members. I am pleased therefore to be able to report that we have welcomed around 100 new Guild members over the past year, meaning that total membership is now approaching 550. Encouragingly, over half of our new joiners came from backgrounds other than traditional banking. Almost a fifth were women and more than a quarter were under the age of 40.

However, much still remains to be done and, looking forward, the Committee is organising a programme of targeted seminars to promote awareness of the Guild and its role, as well as providing a forum for lively debate on topics of interest to those attending. We kicked off on October 5th with an evening offering younger bankers an insight into the secrets of developing a successful career, with the cornerstone speech being given by Bob Diamond, President of Barclays PLC. This was followed on October 10th by a joint seminar with the British Venture Capital Association on the subject of "Debt Levels in Leveraged Private Equity Transactions", at which the guest speakers came from Citigroup, Alchemy Partners, BDO and Taylor Wessing. Further similar events are

planned over the coming year, which will supplement the ongoing endeavours to raise the Guild's media profile. Articles highlighting the Guild's progress have appeared recently in several publications, with a particular emphasis on the Principles for Good Business Conduct launched earlier in the year.

Our role as a Membership Committee also encompasses looking after the interests of the Guild's existing members and, to that end, we have organised some informal discussion groups which will take place during November and will seek to identify members' expectations of the Guild and the extent to which they are being met. Through this initiative, we hope to contribute towards ensuring that membership of the Guild continues to be both rewarding and enjoyable.

The achievements of the last year have relied on the dedication and hard work of a great many people and I would particularly like to thank all of those who have served on the Membership Committee, the guest speakers and organisers for our seminar programme, the staff and the Guild office and, perhaps most importantly, all Guild members who have successfully introduced others to membership. Why not join them during the coming year and encourage a friend or colleague to join you as a member of the Guild of International Bankers?

Progression to Liveryman - Update

In the last Newsletter, we informed you that it was stipulated by the Chamberlain's Court that the Livery should not exceed 300 and that the first Liverymen of the Guild should be the Court and the members of the 4 Standing Committees. Thereafter, liverymen would be chosen on the basis of membership seniority, seniority in the City and contribution to the Guild. Members would not be allowed to "Declare their Intent" to become liverymen until they had been members of the Guild for a minimum of 2 years and were full members. An Admissions Committee composed of a Warden and 2 members of the Court would peruse written applications and would then interview prospective liverymen at 4-6 sessions throughout the year.

Following the agreement of the Court to the procedure for admission to livery, (including the "Declaration of a Liveryman" and the Liveryman Certificate) the first Liverymen were appointed in June 2005 and a further ceremony was held on the 15th September, at the Installation Court Dinner. In June this year, we also sent out letters to 298 members who met the criteria outlined above, inviting them to complete the "Declaration of Intent". To date, we have received 133 responses (of which 44 are both Free of the City and the Guild) and the Clerk will be taking the necessary action to arrange for interviews with the Admissions Committee. If you require any information on how to progress your Freedom of the Guild, or the City, please contact the Clerk.

Charity & Education Report by Stan Hurn

As the new Chairman of the Charity & Education Committee, my first duty must be to thank my predecessor, Jill Enzmann, for all of her efforts on behalf of the Guild. Her enthusiasm and energy have been boundless and she will be sorely missed. I and the Committee hope to continue her excellent work.

I am very pleased to report that, thanks to your generous charitable donations, we are making a significant impact upon the lives of some of those who are less fortunate than ourselves. Our Guild Scholars (one each at the City of London School for Boys and the Girls School) have both had an excellent year and their end of term reports were full of superlatives. We have also recently awarded 10 bursaries of £500 to undergraduates at the Sir John Cass Business School, to purchase books and related educational materials. Each of the students had to meet mandatory conditions agreed by the Guild, including having their tuition fees paid fully by the LEA and being in good academic standing and we will be monitoring their progress to keep you informed. We have also offered the students Honorary Student Membership of the Guild and I and members of the Committee, and some of the younger members of the Guild, will be meeting the students later this year to tell them about the Guild and offer our support.

As you are aware, the Guild will seek to promote recruitment and development of employees in the financial services industry with particular emphasis on those younger people in the immediate area of the City who would not normally aspire to a City job. This is achieved by providing educational training for and assistance to the talented lesser privileged in finding relevant education and work in the City. We work closely with the Brokerage Citylink, particularly to provide placements for trainees in the City. The results this year have been somewhat disappointing considering the size of the membership but the following firms are to be congratulated for ensuring that placements were made available:

Arbuthnot Latham	2
Citigroup	3
Finance & Leasing Association	1
HBOS	1
HSBC	2
Morgan Stanley	2
Rothschild	1
Royal Bank of Scotland	2
West LB	4
Commerzbank	Recruiting

There are literally hundreds of deserving applicants that need our assistance. If you would like to help and want to know more about the scheme, please contact the Guild Office.

We also assist the Brokerage with their BTech scheme, with members offering conference facilities and speakers etc. This year 38 students participated and all passed their final exam. Of those who participated, 28 were from ethnic minorities and their schools ranged from Tower Hamlets, Camden, Westminster and Pimlico to Islington.

On your behalf, we have also donated £5K to the Brokerage to enhance their ability to oversee the placement and trainee scheme, making our disbursements for this year £25K.

On average, the Guild Office receives about 3 requests per week for a donation. Many are not eligible (details on the website) but the Committee looks at all of those who are and decides on the most deserving. The Trustees are currently examining whether or not more money can be made available for disbursements and I will keep you informed of progress. In the meantime, if you know of a charity that meets our criteria and that you feel would benefit from a donation from the Guild, please inform the Clerk, who will pass the information on to the Committee. We are currently investigating how to disburse the monies from a recent donation by Oscar Lewisohn, with proposals to assist women in the City. If you have any ideas on how this can be achieved, please contact me via the Clerk. You may also be interested to note that we are considering proposals for more international charity & education disbursements and I will keep you informed on progress in this area. In the meantime, if you have any questions or suggestions on anything related to the Guild charity & education, please do not hesitate to get in touch with me.

The Lord Mayor's Show 2005

For the first time in our (brief) history, the Guild will be participating in the Lord Mayor's Show on the 12th November 2005. As sponsors of D Squadron, the Master, Clerk and 8 "willing volunteers" will progress with 256 (City of London) Field Hospital (Volunteers). This is an excellent opportunity for the Guild to show its continued support to the Lord Mayor and the City of London and should prove to be an interesting and enjoyable (though long) day. The Field Hospital will be providing a Second World War ambulance, a modern ambulance and land rover (with a board showing the sponsoring Livery Companies) and personnel dressed in various uniforms, including "desert combats" from their service in Iraq. Traditionally, as the sole remaining Field Hospital in London, 256 appear on national television, so watch out for the Guild!

Finance Report by Joseph King

Summaries of the accounts as presented to the Court on 15th September are provided below:

Guild and Trust Accounts for the year to 30th June 2005

The Guild of International Bankers (GBP)

Income and Expenditure for year to 30th June	2005	2004
Quarterage and fines	112,076	101,381
Events income (net)	18,504	15,511
Administrative expenses	-121,695	-99,089
Operating surplus	8,885	17,803
Other income (1)	7,276	2,579
Taxation	0	140
Ordinary surplus	16,161	20,522
Appropriation to Trust	-5,904	-8,283
Surplus brought forward	153,120	140,881
Surplus carried forward	163,377	153,120

Note 1. Includes donated assets of GBP 2,750 in 2005 (1,000 in 2004)

The Guild of International Bankers (GBP)

Balance Sheet at 30th June	2005	2004
Fixed assets	144,333	98,188
Current assets (2)	71,393	111,285
Creditors (2)	-52,349	56,353
Net current assets	19,044	54,932
Net assets and reserves	163,377	153,120

Note 2. Includes regalia of GBP 45,462 acquired in 2005 (0 in 2004)

The International Bankers Charitable Trust (GBP)

Resources received and expended for Year to 30th June	2005	2004
Donations including receivable (3)	123,001	109,215
Taxes recoverable	13,431	12,613
Events income	1,020	0
Investment income	20,347	11,993
Incoming resources	157,799	133,821
Cost of generating funds	2,226	841
Charitable expenditure	50,651	37,112
Net funds movement	104,922	95,868
Funds brought forward	462,383	366,515
Funds carried forward (4)	567,305	462,383

Note 3. Includes GBP 0.00 to K C Wu Restricted Fund in 2005 (2,670 for 2004)

Note 4. Includes K C Wu Restricted Fund of GBP 110,458 for 2005 (106,059 for 2004)

The complete Reports and Accounts for the Guild and the Trust and the opinions thereon by Saffery Champness are available from the Clerk. Committee Members: Richard Clarke, Martin Hall, John Kibble, Angus MacLennan, Alan Moore, James Tree, and Joseph King (Chairman)

Gaye's Events Diary

My last diary entry was brushing down my hat for the Letters Patent Ceremony at the Mansion House. The invitation said gowns, badges and hats for ladies: gowns - not appropriate, badges - girl guides? Perhaps not. Hat, yes - one only, pink! Panic; hat does not go with suit - how much shopping time is left to go to Harrods? Kitted out to go to ceremony.

The Letters Patent Ceremony dates back centuries and could have been a medieval pageant. The Aldermen dressed in their red robes trimmed with fur, the Lord Mayor and others in fur hat, considerable gold braid, the Master and Wardens of the Guild in robes.



The Master in thanking the Lord Mayor and Aldermen for the Letters Patent said that, although the Guild had been told verbally last year that Livery status had been granted bankers do like things in writing!



It was in fact a privilege to be there and a ceremony few get to witness. Lunch was a jolly affair and I now know on good authority that liquid tippex is excellent for removing gravy stains from jabots - not sure any of my dinner guests have



ever worn a jabot but you never know. The Grant of Livery and Granting of Arms look stunning and as a bonus I get to look at them every day in my office.

We proudly displayed our Letters Patent the following day at an evening reception for new members kindly sponsored by Dresdner Kleinwort Wasserstein and hosted by Lord Walker and Andrew Pisker, the Chief Executive.



It was held in the Patio Room at the top of their building with a breathtaking panoramic view of London - how do they do any work? It was good to meet a number of new members, particularly some who had only joined a few days before. Our Master, Lord George, gave an impassioned plea on the importance of business standards and encouraged those not already members to join the Guild - must remember to take application forms and lock the door on all prospective members next time.

April was busy. Our third event was a dinner at Watermen's Hall at which Andrew Gowers, Editor of the Financial Times was our guest speaker. Watermen's is one of my favourite Halls. It is small and pretty and rather hidden away. Andrew Gowers was a refreshingly open and controversial speaker. He talked about why the FT is what it

is at this moment and his vision of technology and its future role in the newspaper industry. He came out with a lot of thought provoking remarks including a few barbed, but tactful, comments about Morgan Stanley (he was sitting next to Brian Pitman!). The Master used to be Andrew Gowers' next door neighbour and I rather enjoyed Andrew's description of riding to work, often behind Lord George's car when he was Governor, and the pleasure he got from watching Lord George read the FT whilst a plume of smoke curled out of the window!

11th May - another day, another dinner. I must speak to the Finance Director about a dress allowance; after all I cannot be expected to wear the same frock at every dinner! Sir Digby Jones, Director General of the CBI, was our guest speaker at this dinner which was the first we had held at St Stephen's Club. The venue was a great hit, no one had been there before and it was as if one was having dinner in one's own house. Sir Digby was an extremely amusing and stimulating speaker. He had recently completed the London marathon in 5hrs 58 minutes and gave a hilarious account of his preparation. Cadburys had sponsored him to wear a shirt emblazoned on the back with "chocolate is good for you" but then panicked in case he dropped dead during the race. In the end Sir Digby saved the day by promising that if he did collapse he would stay lying on his back!

On a more serious note he spoke about the perception of the financial services industry around Britain which he was honest enough to say he thought did not have the image it deserved. As Director General of the CBI (I seemed to be the only person who did not know it stood for Can't Be Intimidated!) he commented on his special access to the decision makers, his concerns at their direction and, in his opinion, the need to ready the country for globalisation. He ended by promising to return in a year's time and address the Guild again.

14th June, the Tower of London. Dinner in the Regimental Mess of the Royal Regiment of Fusiliers - what does one wear for that? (My request for a dress allowance did not meet with enthusiasm). Should I dress in Tudor style to create a bit of historical atmosphere, or possibly "combat fatigues" since I am dining in an Army Mess? I settled for a white trouser suit in case I got lost in the dark during the Keys Ceremony and needed rescuing.

The thought of spending the night at the Tower with all those ghosts really set my teeth on edge. Talking of ghosts, and when it comes to ghosts I am the world's worst scaredy cat, I was told on completely reliable authority that the Governor of the Tower's wife went into the room where Anne Boleyn spent her last night, bumped into a non-existent person on the stairs and on turning to leave the room was pushed! (I suffered from considerable nerves during the evening).

The occasion was in fact special with an opportunity to see the Regimental museum before dinner and dine off highly polished tables with wonderful silver. It was also a privilege to witness the Ceremony of the Keys dating back almost 700 years. This takes place near Traitors Gate and involves a

certain amount of sentry challenging and marching around. As I looked up at the floodlit White Tower a definite feeling of ghosts crept up and I have to admit I was quite relieved to step through the door to the outside world. What a wonderful evening!



Our summer event this year on June 28th took place in the State Apartments at the Royal Hospital Chelsea, the home of the Chelsea Pensioners. By any stretch of the imagination this is a beautiful building designed by Sir Christopher Wren. They really knew how to make rooms look good 400 years ago; graceful proportions, so easy on the eye. And it is also the Governor of the Royal Hospital's private dining room - I had no difficulty planning my dinner party dining beneath the stunning portraits by Van Dyck and Lely depicting Charles II and subsequent monarchs. The Governor told us something of the Royal Hospital's history and the current work being undertaken to build a new infirmary and other modernisation.

Some of the Chelsea Pensioners joined us in their marvellous scarlet uniforms dripping with medals. What amazing men, so sprightly and full of life and stories. They were quite disappointed when they heard there was no dancing! It was a thoroughly enjoyable evening in a special venue.



A barbecue sponsored by Merrill Lynch on their spectacular roof terrace on 13th July concluded our summer programme. Great views of St Paul's, the London Eye and an amazing large bed of lavender in the centre of the terrace just set it off (I thought it would be a touch out of place to enquire if this was their exhibit at that Flower Show "sponsored by Merrill Lynch"!). One has to give it to these American investment bankers they do things in style; even the size of the roasting pig was mega. The food was excellent and it was a great opportunity to showcase the Guild to prospective members. There was a short talk on Merrill Lynch and the advantages of working there. I dare say they received a few job applications the next morning!

I am now off to tend my own garden, which also sports some excellent lavender.

Here we are gardening break over: September 1st the KC Wu Lecture and Presentation of the Lombard Prize.

I must say Howard Davies, who delivered the Lecture, looked very cool and chirpy considering he had just done a 25 minute cycle ride through London traffic from the LSE to Sir John Cass Business School - I do not think any speaker has cycled to an event before. Howard discussed financial reform in China and the future of the Chinese financial institutions as one of the most important issues in the world today. He talked about the restructuring required by the banking and capital market sectors and described China as having "come of age". I do not expect Cass missed the LSE logo at the top of his slides!

The Lombard Prize was initiated by Alan Moore CBE in the early 1990's when he was Chairman of the Lombard Association, to reward an outstanding student of the City University (now the Sir John Cass Business School) evening MBA Programme. Subsequently the Lombard Association was merged with the Overseas Bankers Club which, in turn, formed the core base for the formation of the Guild. When the Guild of International Bankers was formed in 2001, it was agreed that the Guild would continue to support the Prize and it was renamed the Guild of International Bankers Lombard Prize. Under the supervision of David Clark and Cass Business School, the entries for the prize were reduced to 5 outstanding papers. The Master & Wardens then read the papers and decided that the 2005 Lombard Prize winner should be Mr Brian Baturevich. The Master presented Mr Baturevich with an engraved silver salver and a cheque for £250.

HMS President and the talk on Nelson on 8th September

was quite an evening. The venue was different (we clearly do not have too many members of a nautical disposition as a number thought they were going to a ship when the invitation had said "stone frigate") with unparalleled views of the Thames and Tower Bridge. The weather was kind and the sun sparkled on the water as guests watched the activity on the river whilst sipping a glass of fizz - even Tower Bridge was raised.

In the bicentennial year of the Battle of Trafalgar Nelson is obviously in fashion and the Wardroom was packed to capacity to listen to Lt. Commander Charles Addis (himself a former Captain of HMS Victory - no not 200 years ago!) talk about Nelson and why more than any other British hero he is remembered today. It was a fascinating portrayal of Nelson, a man with human traits as well as qualities of greatness. Charles described the luck Nelson had in his life, being in the right place at the right time (I expect he meant professional and personal!) and ensuring his immortality by not outliving his legend. Although a stone frigate President is a ship, and fortunately someone had mentioned that we should remain seated for the loyal toast or I might have leapt to my feet and looked a bit silly.



The KC Wu Lecture and Presentation of the Lombard Prize



September 15th marked our Installation Court dinner at Vintners' Hall and the installation of Michael Kirkwood as the new Master. This is an occasion to get togged up in posh gear - although I do feel I should have a badge! (Not to be repeated, I quite like the Master's!s).



The Master presides over the Court Meeting

The Hall looked lovely and the strains of the harpist echoed melodically around. Sir Paul Newall, as the guest speaker, transported us back to the medieval crafts and early days of the Livery companies stressing the power they enjoyed.



Members of the Guild making their Freedom of the Guild Declaration

He told us that the oldest known Livery Charter was granted to the Weavers Company in 1155 and that Magna Carta formalized the right of the Freeman citizens of London to choose their own Mayor, thus it was that in the City democratic government in this country was first born (Westminster was a Johnny come lately!).



The Master, Wardens, Immediate and Past Masters with the principal guests, the Masters of the Insurers and Tax Advisers

He told us of the origin of the Baker's dozen, and the intense rivalry between livery companies which he compared to today's football clubs. He pointed out that the Guild had been fortunate to be fast tracked to livery status as some companies wait up to 14 years. It was a historical tour de force of the Livery movement and I think should be compulsory reading for all members!



Freemen of the Guild being inducted as Liverymen of the Guild



Lord George officially hands over the Mastership to Michael Kirkwood

If you would like to view the full set of photographs from the Installation Court Dinner on 15th September, please visit www.sharpphoto.co.uk, where you can also order copies.

I thought I should attend the Careers forum for young bankers on 5th October. Perhaps I could learn where I had gone wrong in my career and not amassed the millions some of these bankers are reputed to have earned. There was standing room only at Cass Business School to hear Bob Diamond the President of Barclays plc talk about his career. He had his audience enthralled; charismatic, rich and powerful, he has it all. "Take risks" he said - was this where I went wrong? He talked about the career path he had followed to Barclays and why it was such a good place to work (I expect they will also get some job applications), the importance of the right culture for each individual and the fact that no one can get it right all of the time. It was certainly a bravura performance and as he sailed off into the night I do not think there was one person in the room who was not just a little bit envious. There was then a panel session chaired by a headhunter which gave some handy hints on how to get where you aspire to!

Well that's it for now. I am looking forward to:

7th November Guild Dinner at Cutler's Hall. Guest speaker Charles "Chuck" Prince, Chief Executive Officer Citigroup Inc.

6th December private view at the Queen's Gallery, Buckingham Palace. Canaletto in Venice and other treasures from the Royal Collection. (There has been such an overwhelming response to this invitation there will be a second opportunity to see this wonderful exhibition on 8th December)

2006

18th January evening wine tasting partly sponsored by Citibank at Stirling Square

13th February Guild Annual Banquet at Guildhall. Guest speaker Lord Browne. Chief Executive BP

...hope to see you there! Gaye Murdoch

The Guild Sponsors the Central Volunteer Headquarters Royal Artillery at Woolwich

During a visit by the Lord Mayor of the City to the Headquarters of the Royal Artillery at Woolwich earlier this year, he was notified that the Unit did not have a sponsoring Livery Company. The Lord Mayor suggested that an approach be made to our Guild and we received a letter from the Second in Command asking if we would explore the possibilities of a formal affiliation.

The request was put before the Master's Committee and the Court and it was agreed that such an affiliation would be mutually beneficial and would also reinforce our commitment to the City. The Clerk visited the Unit in August and discussions took place on how to progress this matter. We will keep you all informed of the outcome. A brief history of the Unit is given below:

CVHQ RA was originally established, on the reorganisation of the TA in 1967, to manage the Royal Artillery Specialist Pool. This was a group of specialist Gunner Territorials, both Officers and Soldiers, who sole role was to support the Regular Gunner establishment with specialist skills for both exercises and operations.

During the 1970s, at the height of the cold war, it was also recognised that 1 BR Corp, the British Army of the Rhine, required considerable numbers of Staff Officers as augmentees, when the various HQs deployed on exercise and operations and from this the All Arms Watchkeepers and Liaison Officers Pool (M) was formed, CVHQ RA being given responsibility for it's recruitment and administration.

This new Unit was an all Officer body, at the time numbering over 450. The total strength of CVHQ RA in the 70s was over 650, this being reduced during successive reorganisations to its' current strength of 265, broken down as; the RA Specialist Group of 90 (34 Officers and 56 Soldiers) and the All Arms staff Officers Group of 175, the majority if these being of Major rank but also including a number of Captains and Lt Cols.

CVHQ RA is therefore unique in both its role and composition. Although it has as it's Arms Director, the Director Royal Artillery, it is in fact the only All Arms (by which we mean all cap badges) group in the TA and is the only Unit whose sole raison-d'etre is the support of Regular Army Formation HQ. It is made up of predominately Officers and only recruits trained personnel, either ex Regular or TA.

As a Specialist Unit, whose members are required to be 'trained' when recruited, the commitment in terms of attendance is much less than that of the 'independent TA', there being no 'drill nights' and Unit members only being required to undertake nineteen days per annum to meet their annual training requirement. That said, many do much more and given the nature of the individuals and their experience (65% are ex Regulars), they are in great demand providing additional support to a variety of MOD agencies such as MOD Centre, HQ Land, PJHQ, Defence Staff College, DSTL and many more. It is therefore very much seen as the 'grown-up' arm of the TA, its members being generally older but being very experienced.

As Unit members are already trained when they join, the Unit is only required to conduct annual military tests. However a number of weekend training periods are also conducted each year, these providing the opportunity to update Unit members on new developments and enabling them to practice new doctrine and staff procedures.

Recruiting in the Unit is reasonably good with retention being very good, the majority of Unit members normally remaining until forced to retire.

Members of the Unit have served in all operational theatres, with a number currently serving with the Army in Iraq, Afghanistan and Bosnia.

The full-time Regular component of the HQ also comprises the Station HQ for Woolwich, the traditional home of the Royal Artillery. Although the RA is due to relocate the remaining Gunner elements to the Artillery Centre at Larkhill in 2007, it is presently anticipated that CVHQ RA will remain at Woolwich as part of the Woolwich Station HQ.

Livery Parade

Posted under the heading "better late than never", we have finally received copies of the photographs of the presentation of the Guild Trophy to D Squadron, 256 (City of London) Field Hospital (Volunteers). John Kibble represented the Guild and as you will see from the photographs, the Guild Trophy looked magnificent (even next to the more ancient awards from the Apothecaries, Barbers and Cutlers!)



Lt Fiona Malcolm, Environmental Health Officer, D Sqn 256 (City of London) Field Hospital

Well, the last time I saw you all I was, I hope, dressed a little more elegantly! To refresh your memory it was the evening when you were awarded your Livery status, and for me the last year has absolutely flown by.

January 10th 2005 saw me officially mobilised to deploy on Operation TELIC to Iraq. The two weeks of pre-deployment training ensured that I was physically and mentally prepared for what lay ahead and ensured that I had a huge amount of kit issued to me which I would never in a million years be able to carry!

I was one of the few from my course that actually deployed immediately after the final lesson. Four from a course of 80 were dispatched on the bus to get on the plane the very same day! It all suddenly became very real!

With delays and onward travel I finally arrived at 05.30 at my camp to be met by two of my new team. I was shattered before I had even begun and was too nervous and excited to be able to sleep! On my first day at work I discovered that my job description meant I was actually the boss of the team, which wasn't what I was expecting! I was in charge of the Environmental Health Team for Operation TELIC, with responsibility for 9000 troops in 25 different locations across the Middle East. With my relative inexperience of the military environment I was grateful to have such loyal and experienced Environmental Health Technicians to support me.

The first month was a huge learning curve, adapting my civilian knowledge of environmental health and man management to my new surroundings in Iraq. The work regime was 7 days a week, with very little down time, and any spare time I had, early on, was spent reading to improve my knowledge. The team dealt with all aspects of preventative medicine with the aim of keeping all the troops healthy in order that they could achieve their missions.

In my first three months the weather was not how I had imagined it to be - it was cold at night, and often rained; I was frequently heard to say "this wasn't in the brochure!" Due to the wet and relatively cool conditions we undertook a lot of work to ensure that mosquitoes were controlled to prevent malaria transmission. I became a proficient species identifier! Our health briefs to all new arrivals included information on how to avoid all sorts of diseases including malaria, leishmaniasis and bouts of diarrhoea and vomiting.

Temperatures soared between May and August peaking at 55°C during the day and only dropping to 30 at night.

The heat was unbearable and the stress on the body is enormous particularly when

out working or patrolling. The importance of maintaining hydration, eating regularly and getting rest was detailed in depth to all new arrivals to hopefully ensure we had as few heat casualties as possible.

We regularly inspected all the food preparation areas within the British bases to ensure that the food was being stored, prepared and served in a safe and hygienic manner. The chefs have the unenviable task of preparing food in kitchens, some of which are tents, in temperatures exceeding 70°C during dust storms in summer and torrential rain storms in winter up to their knees in mud! Applying food hygiene legislation does not always work in these austere conditions and it was important for the team to ensure that we adopted a practical approach to ensuring food safety.

I managed to get to most of our locations during my tour, and much of the travelling was in helicopters. I had never been in a military helicopter before and I remember being terrified on my first flight. By the end of the tour it became as routine as taking a London bus, but still a little more exciting!

It was incredibly challenging and scary at times but overall I really enjoyed my time in Iraq, and feel that I could never have gained the experiences anywhere else that I got out there, both professionally and personally. The military environment is unique and the sense of unity and drive towards the common goal is unparalleled. I have returned to University now to read for my Masters in the Control of Infectious Diseases but I do plan on continuing my TA career and hope to do another tour after I have graduated.

I have learnt so much, but my top three lessons would be:

- Motivation is a must everyday;
- A sense of humour has to be packed and ensures a 7 month tour goes much quicker;
- Don't pack so much next time - you have to carry it!



Update on The Guild of International Bankers Golfing Society

The Guild's Golf Society concluded its 2005 events with a successful meeting at the Swinley Forest course in October. The sun shone and a superb turnout of 42 golfers took part. History was made as two of our number were ladies!

The morning competition for the De la Barre trophy was won by Trevor Bush with a score of 36 points. David Beevor was runner up. The ladies trophy was won by Noel Harwerth.

In the afternoon greensomes of 13 holes, two guests, Roy Hubbard and John Rourke, were victorious with a remarkable score of 34 points.

Bob Potts and Roger Hunt were runners up with 32 points.

The Mallory Trophy for the best score of the two major competitions was won by Trevor Bush, overtaking Brian Ede's score at the Spring meeting at the New Zealand Club.

The Swinley Forest event has been our most successful as the newly constituted Guild's Golf Society and as Captain, I am very grateful for all the support I have received, particularly from my Vice Captain, Cliff Knowlton.

The 2006 meetings will be held as follows:

March 21, 2006	Walton Heath (AGM and Golf)
May 3, 2006	New Zealand
October 3, 2006	Swinley Forrest



Trevor Bush, winner of the De La Barre singles match receiving his trophy from the Captain, Peter Chapman



Roy Hubbard & John Rourke, winners of the Greensome competition.

The Museum of London - Early days of City Companies brought to life

Elaborately decorated pointed shoes, a silver chain of office found in the Thames mud and a collection of merchants' seals are among the 1500 objects on display in the Museum of London's new Medieval London gallery opening on 25 November. They provide a vivid glimpse of life in London at the time when the City's craft guilds were being formed and its civic government was evolving into the basis of the system we know today. The gallery tells the story of London from the end of Roman rule in AD410 to the accession of Elizabeth I in 1558, charting its growth from a deserted ruin into a capital city, centre of production and flourishing port, with rich trade connections throughout the known world.

The Museum has unique collections relating to London's early crafts and trades. Surprisingly, everyday objects made from leather and textiles, metal and wood have actually been preserved rather than destroyed by lying for centuries in the waterlogged earth beneath the City. With so much redevelopment in the past few decades, archaeologists have made exciting discoveries, and new techniques have enabled conservators to restore objects that, until now, would have been too fragile to touch.

From the 15th century Guildhall come the statues of the Virtues, the dedication stone from Guildhall Chapel, and the massive iron City Common Chest, which once held important documents. Its substantial locks meant that six key-holding members of the City's Corporation had to be present

whenever it was opened. Tools last used over 600 years ago by London's armourers, blacksmiths, leatherworkers, carpenters, and goldsmiths are remarkably similar to tools used today.

From a humble wicker fish trap and children's toys, to luxury goods made of ivory and coral, amber and glass, the objects combine to spark the imagination and re-create a city of richness and variety, enterprise and ideas.

Jack Lohman, the Museum's Director says, '*The Museum of London is overwhelmed by the incredibly generous support for the Medieval London gallery by the livery companies of the City of London. They, together with the Corporation of London and the DCMS/Wolfson Challenge Fund, have enabled the Museum to redisplay these significant galleries this autumn. This brings a fresh and innovative approach to the story of the emergence of this city to the new and diverse audiences of modern London.*'

People will be able to find out more about many of the objects on display, as well a history of the city itself, biographies of particular Londoners and the latest historical and archaeological research, on gallery computers and on the Museum's website www.museumoflondon.org.uk. There will be a variety of family events on the 26 & 27 November and between Christmas and New Year. For more information please call 0870 444 3851.

For more information or images, please contact Clea Relly at crelly@museumoflondon.org.uk.

How are we to achieve efficient pan-European clearing and settlement?¹

Alistair Milne, Senior Lecturer, Faculty of Finance, Cass Business School, London; Visiting Scholar, Monetary Policy and Research Department, Bank of Finland, Helsinki.



Oscar Wilde might have said it: 'Regulation is the curse of the banking classes.'¹ The Financial Services Action Plan, the ambitious programme announced at the Lisbon summit of 2000, has led to the passage of 39 European directives on financial services. The intention has been to create an open and competitive market for financial services across Europe. The biggest impact was expected to be on securities markets and on wholesale and international banking. The international banking industry and its major customers anticipated and hoped for the development of pan-European financial markets with the scale and efficiency to rival those of the United States. Public authorities and politicians backed these plans for their promise of major economic benefits: more efficient allocation of European savings and increased rates of growth in European productivity and economic output.

How these hopes are dashed. Only five years later, we are still engaged in controversy over the Markets and Financial Instruments Directive, on both its implementation for equities and its prospective extension to fixed income markets, and over the impact of the requirements of the new Capital Requirements Directive (the European implementation of the new Basel accord) on a variety of non-banking institutions such as asset managers, wholesale brokers and commodity traders. These are only two examples of a chorus of complaints about the excessive burden of financial regulation and standards (not just against European directives, also about anti-money laundering legislation, Sarbanes-Oxley, and international financial reporting standards). Meanwhile most European financial services, even those for wholesale professional customers, continue to be delivered within separated national markets. We appear to have incurred huge costs from this new regulation and little if any of the anticipated benefits.

Brussels is now listening to these concerns. The creed of 'regulatory impact analysis' has been widely accepted: the development of future European regulation will be preceded by evidence based analysis of economic impacts and should, if properly applied, lead to an objective assessment of whether these benefits are best achieved through harmonising regulations or pursuing other more market

based alternatives.² Regulatory impact analysis will be applied not just to new directives, but also to the rules introduced by lower level committees such as the Committee of European Securities Regulators (CESAR) and the Committee of European Banking Supervisors (CEBS). Thus impact analysis should also improve the implementation of existing legislation. The new Commission of Jose Manuel Barroso has also placed a high priority on the reduction of regulations and of red tape - not just in financial services but in all areas where European legislation and regulation applies.

It is therefore rather against this current tide of opinion against excessive regulation, that the Commission is now working towards a new directive on clearing and settlement in Europe. Discussion has continued for nearly 18 months, since the April 2004 release of the Commission communication on clearing and settlement, the first statement of overall Commission policy and possible courses of action on this subject.³ Single market commissioner Charlie McCreevy has recently publicly stated that effective action on clearing and settlement is a central plank of the current single market programme and the industry is expected to take necessary steps for this to happen.⁴ While it is not yet certain that there will be such a directive, specific proposals are likely, perhaps around Easter of 2006.

This article examines some issues surrounding European policy on clearing and settlement. How might a directive fit with other steps being taken in order to create efficient post-trade processing across Europe? In particular will the existing framework of competition law, already being applied to securities clearing and settlement, be enough to ensure adequate cross-border competition, or is clearing and settlement like other 'network industries', e.g. telecommunications, where industry specific regulatory intervention is needed to promote competition? Also what needs to be done by industry (as opposed to regulators and public authorities) in order to achieve the goal of efficient pan-European securities processing? I will argue that the banking industry has until now been far too reactive, relying too much on the mantra of "market forces" (meaning there is no need to take any policy action at all) and paying

¹ Adapting the well known Wilde original, recorded in Life of Oscar Wilde by H. Pearson, 'Work is the curse of the drinking classes.'

² For more on the benefits of regulatory impact analysis see Graham Mather and Frank Vibert (2004), Reducing the Regulatory Burden: the Arrival of Meaningful Regulatory Impact Analysis, City Research Series Number Two, July, Corporation of London.

³ The Commissions documents and consultations on clearing and settlement are available on: http://europa.eu.int/comm/internal_market/financial-markets/clearing/index_en.htm#com

⁴ McCreevy, addressing the 14th Annual Europe-USA Investment Funds Forum in Luxembourg on 13 September 2005, stated that "Cross-border trading remains expensive, sometimes prohibitively so. Cross-border clearing and settlement costs can still be up to 6 times more than those of domestic settlements... The Commission is taking a close look at the economic case for action. We will decide whether any European legislation, or other intervention, is necessary on that basis and in the light of developments in the market... The next 6 months are crucial. As far as I am concerned, the clock is ticking." (quotation taken from Euroactiv.com).

insufficient attention to the need for a coordinated response from the industry to this pressing policy issue. If the costs of this prospective regulation are to be kept low and the substantial prospective benefits realised, then leading banks need to do much more to develop an effective vision of the future of European clearing and settlement and the pan-European markets they will serve.

The nature of the prize

What are the scope and size of the rewards to creating efficient pan-European settlement arrangements? Two key points can be made here. The first that the objective of creating appropriate pan-European arrangements needs to be pursued alongside a complementary objective, that of achieving automated 'straight through' processing of all securities and derivative trades. This goal of automation is already widely accepted across the industry, it is the subject for example of a widely cited 2003 report of the G30.⁵ The creation of pan-European settlement systems requires substantial system changes. The efficiency gains from these changes will be much greater if they are orientated towards achieving the maximum possible degree of automation, rather than simply replicating existing business inefficiencies at European level.

The second key point is that the prospective economic benefits to achieving these objectives are very large indeed. Although precise figures are elusive, an educated guess at the total costs of post-trade processing across the entire European securities and investment industry (i.e. including the in house costs of back office systems of institutional investors, custodians, and brokers) can put them at around 1% of European Union GNP or 100bn per annum. Cost savings, from straight through processing and operation at pan-European level, could easily amount to 50bn per annum or around 0.5% of European GNP. The benefits will be proportionately larger for participants in smaller markets which are unable to take full advantage of economies of scale in processing, but there will be major benefits to investment and securities operations in even the largest European financial markets such as those in London. Full straight through processing, because it will remove much of the current need for manual intervention, will also lessen the pressure on individual firms to outsource their processing to low labour cost emerging markets, for example to processing centres in India.

This assessment of benefits should include the further economic impacts of lower costs of post trade processing. These further impacts include larger and more liquid capital markets and cementing the role of Europe as the home of the leading global international financial markets. Taking these effects into account it is reasonable to anticipate total

economic benefits comfortably exceeding 1% of European Union GNP per annum.

These benefits are available as higher profits, higher wages, and higher returns to investors. The big winners will be major financial firms and investment services firms and also savers and companies, especially those in smaller economies where intermediation is currently expensive. There are of course losers, such as local financial service providers in smaller and peripheral economies. The changes will take time, and also involves substantial reduction of headcount, so full economic benefits will therefore take time to flow through. But the overall gains are so large that, especially taking into account further economic impacts, the losses to some will be massively outweighed by the gains to many.

The building blocks for efficient pan-European post-trade processing

As the consultation on the commission communication of 2004 reveals, few in the banking industry relish the prospect of a new directive on clearing and settlement. The majority are of the view either that such a directive is unnecessary or that it should be very limited in scope. General industry opinion is that existing competition law, i.e. the relevant articles of the Treaty of Rome, can be used to address concerns over lack of competition and exploitation of the monopoly ownership of clearing and settlement infrastructure.

A directive is likely to assist some of the practical steps now being taken to remove barriers to pan European clearing and settlement, as identified and addressed in the two reports of the Giovannini group.⁶ I am thinking in particular of the tax barriers (barriers 11 and 12 of the 15 barriers identified by the Giovannini group, covering the national treatment of withholding tax and the collection of stamp duties or other trading transaction taxes as part of the functionality of local settlement systems.) The requirement here is not for tax harmonisation (at least in the interim the rates of different national stamp duty and trading transactions taxes can continue to differ), but that the mechanics of tax collection be the same across the EU. This barrier to pan-European trading can only be tackled by individual national authorities working with local settlement institutions and so far relatively little has been done. The industry is already taking steps to remove other Giovanni barriers, such as differences in local settlement practice, but still waits for government authorities to deal with these tax barriers. One reason for having a directive is as a tool to force national governments to take these necessary steps.

While acknowledging the important practical steps already taken to address the Giovannini barriers, two critical changes required for the creation of pan-European post-trade processing require further widespread thought and discussion.

⁵ Global Clearing and Settlement: a Plan for Action, January 2003. Copies can be purchased via www.g30.com. See also the interim progress report of April 2005, available for free from the same website.

⁶ The Giovannini group is the group of experts on securities markets chaired by Professor Alberto Giovannini. Their first report on clearing and settlement of November 2001 identified 15 barriers to the creation of pan-European clearing and settlement systems. Their second report of April 2003 proposed practical steps to removing these barriers. Both reports can be found on http://europa.eu.int/comm/economy_finance/giovannini/clearing_settlement_en.htm

These are the two most critical building blocks to achieving effective and efficient pan-European securities clearing settlement:

1. Major changes in messaging and communication protocols, that will allow back office systems of all kinds to take full advantage of developments in information technology of the past twenty years and communicate easily and flexibly with each other, not just within Europe but globally.
2. Ensuring an effective framework for the application competition law to European securities settlement, a step that will be required in order to remove all remaining cross-border barriers to entry in the various markets to post-trade processing.

It is worth making some further remarks on each of these. First, on messaging and communication protocols, much work is already done by the "securities market practice group" or SMPG that works under the auspices of SWIFT.⁷ However, despite these efforts, there are limitations on the progress that can be made by SMPG without co-ordinated agreement at senior level within the banks. Alterations to systems and interfaces and the adoption of new messaging standards and protocols is a voluntary business decision of individual firms. While new practices will evolve over time and new standards adopted, without co-ordinated agreements detailed implementation will vary greatly. Moreover changes in arrangements can have negative consequences for individual businesses (the changes may involve substantial IT costs; competition from rivals may become more intense) so individual firms may be very reluctant to adopt new practice at all, even when these changes are in the collective interest of the industry.⁸

In particular, a senior management need to focus on the most important potential changes in messaging standards, the adoption of 'XML' mark up language for all trading and settlement related messaging. XML is a set of standardised protocols developed for the sharing of data across the internet. XML structured data is inherently flexible, much more so than existing "tag message" structures used in the securities industry such as the SWIFT MT message standards or FIX.

The crucial point here is that the widespread adoption of XML messaging - and an associated shift to network based computer languages (typically Java) replacing batch orientated processing languages - will, in turn, allow a transformation in the flexibility and decentralisation of trade and post-trade processing. Under present arrangements post-trade processing is carried out by large servers working with centralised databases. As a result everyone has to fit in with fixed and inflexible processing practices. XML and Java processing allow centralised hubs to be replaced by a distribution of processing responsibilities to an interconnected web or network of computers each processing their own

databases and responding to the communications received from other members of the network. Such distributed processing has already achieved massive efficiency savings in activities such as airline and hotel bookings and supply chain management.

Consider one specific example of the benefits of XML/Java over older batch processing procedures. Because XML commands are user defined, not part of the protocol itself, new fields can be introduced without any need to replace existing protocols or co-ordinate amongst users. Manual interventions to deal with legacy message structures are therefore no longer required. Additional fields to deal with specific system or national features can be introduced into the automated message stream, instead of requiring manual intervention to deal with local variations in settlement procedures.

XML and Java are thus critical to the effective automation of post-trade processing and will allow tremendous efficiency gains across the industry. But this change will not happen without co-ordination and leadership at senior level. It is for example striking that to date so little use has been made of XML messaging in the banking industry (an XML version of the FIX trading messages is all that is available, there is nothing yet for post-trade, and even with the choice of FIXML the large majority of FIX users still operate with original FIX 4.0 tag-message structures). Without determined initiative at senior level the benefits of XML and decentralised processing will continue to elude the industry. Failing such initiative it would be no surprise if a European directive required the industry to adopt XML and Java in trade and post-trade processing. Such a policy intervention would be crude, but likely better than no action at all.

Competition law and clearing and settlement

On the application of competition law, it is clear that efficient pan-European settlement will be promoted by the removal of barriers to cross border competition in the various markets associated with clearing and settlement. While there is agreement on the need for an effective framework of this kind, it remains unclear whether this can be achieved by applying existing competition articles of the Treaty of Rome, or whether (as in the development of competition law for European telecommunications) additional sector specific 'ex ante' competition legislation is appropriate.

The application of competition law raises issues and concerns rather different than those prominent in the previous directives of the Financial Services Action Plan. New vocabulary and concepts must be mastered, in order to effectively engage in the debate about competition regulation. Are the various different markets for clearing and settlement and associated services clearly defined? Where they are defined are these markets 'contestable' or what evidence would establish if they are contestable or not?

⁷ The second report of the Giovannini group gave SMPG responsibility for addressing barrier 1 'National differences in information technology and interfaces'. Information and reports of the activities of the SMPG can be found via www.smpg.info

⁸ Academic economic models suggest that profit seeking suppliers will resist changes to standards that erode barriers to entry, see e.g. Alistair Milne (2005) Standard Setting and Competition in Securities Settlement, Bank of Finland discussion paper, forthcoming

What are the economic meanings of terms such as 'bottleneck' and 'contestable market' and what role do these concepts play in the application of competition law? What is access and can it be defined (in a legal sense) in relation to clearing and settlement services? Is it possible that a 'balance of judgment' will favour some kind of structural intervention, such as forcing vertically integrated providers to divest themselves of clearing and settlement subsidiaries? Or can the broad objectives of competition policy and the promotion of pan-European service provision be better attained in other ways, e.g. through specific access rules, appropriate governance arrangements, or simply through industry sponsored initiatives?

Some of these competition issues were addressed in a June 2005 conference on clearing and settlement hosted at Cass Business School.⁹ Sonya Branch and Mark Griffiths of Clifford Chance, in their paper 'Competition Aspects of Clearing and Settlement: Learning the Lessons from the Regulated Industries' develop the general legal and economic case for a sector specific regulatory framework applied to clearing and settlement. While avoiding specific remedies, they point to the logic of distinguishing certain primary securities settlement services, namely settlement on a central depository, from secondary securities settlement services. This distinction points to the need for sector specific access rules that will ensure that CSDs do not exploit their market position.

Horst Satsky, of the Frankfurt firm Hengeler Mueller, provides a commentary on their paper, arguing against the distinction between primary and secondary settlement services. He rejects the proposition that sector specific regulation is required to make competition in securities settlement effective. Both these papers can be downloaded from the conference web pages.

This is still an unsettled debate. Competition concerns in clearing and settlement require careful attention from lawyers, economists, and industry practitioners. Only the most careful and rigorous examination will determine whether competition in clearing and settlement can be effectively promoted through existing competition law, and if not whether some additional regulatory intervention can promote competition in a cost-effective way. The danger is that debate and discussion of these issues is carried out entirely between the regulators and the principal providers of clearing and settlement services. The wider international banking industry needs to examine these questions much more carefully and, where appropriate, make its views known.

The need for industry leadership

The article can be concluded with a personal opinion. Why, I ask, has previous experience with European financial regulation been so disappointing? Why have so many well intentioned regulatory initiatives resulted in such large compliance costs and at the same time yielded so little in the

way of benefits to market participants and their customers? Will regulation on European clearing and settlement end in the same way?

My diagnosis is straightforward. I believe that the principal problem has been that in response to the single market programme, the international banking industry has been far too reactive. The industry has done almost nothing to build on the vision of pan-European financial integration, offered by the politicians as the principal economic justification for the creation of the Euro. The opportunity was created at the end of the 1990s to invest the time and resources to work out a detailed blueprint for effective integration of European securities, derivative and banking markets. But this opportunity has been passed by. Instead the industry has sat back, passing detailed responsibility for the creation of pan-European markets to public sector officials, from national governments, regulatory and monetary authorities, and European commission.

The fact is that public officials, even when pursuing wider European interests not their narrow national advantage, lack the knowledge and understanding to be effective architects of pan-European markets. Their proposals are subject to widespread consultation, but while this process works well for defending the interests of individual firms or sections of the industry, there is no opportunity for anyone to speak on behalf of the principal goal itself, the development of new pan-European arrangements. The outcome is that the ultimate goals of the regulations are rarely if ever achieved. The banking industry has got the outcome (high compliance costs, lack of economic benefits) that should have been expected, given its own lack of interest in the process.

Will things be different, this time around, with the new efforts to rationalise financial clearing and settlement across Europe? My expectation is that the industry will adopt the same reactive approach as before. It will wait until officials have produced their own blueprint for change, and then work hard to limit the impact on the interests of individual market participants. The outcome will then be once again, high compliance costs and relatively little in the way of economic benefits.

But there is still an opportunity here to do things differently. It may be late in the day, but senior members of the industry can still build a detailed vision of how efficient pan-European post-trade processing will be achieved. The building blocks have been outlined here, namely the removal of tax and other specific national barriers; the introduction of flexible messaging arrangements, based on XML protocols, to support automated processing; and effective application of competition law to remove barriers to competition. But in order for these building blocks to be put in position we need also a consensus amongst senior members of the industry on the way forward and an agreement, on occasion, to put aside their narrow business interests.

⁹All papers from this conference can be downloaded from <http://www.cass.city.ac.uk/conferences/clearingandsettlement/index.html#papers>

Such a co-ordinated response is difficult to achieve in any industry, but is especially difficult in one as large and complex as international banking.

There is a particular onus on the major investment firms to think these issues through. The international brokerages, and their large institutional and trading clients, are the immediate major beneficiaries of any rationalisation of European clearing and settlement. A promised land of seamless straight through processing across Europe (and indeed across the globe)

beckons, with the prospect of major reductions in trading and back office costs.

The knee-jerk response 'forget about the regulation of clearing and settlement, regulation costs too much, the market can do the job on its own', while perfectly understandable in the light of recent experience with legislation coming out of Brussels, is too simplistic. Brussels will insist on action. The industry needs to do much more, on its own, to decide exactly what this action will be. Otherwise it will get the regulation it deserves.

Note from the Clerk

Next year, we will be producing a Guild Membership Booklet, which will be sent to members only. In accordance with the Data Protection Act we must ask each member to agree to their name and business address being included in the Booklet and every member will have received a form with their subscription renewal letter in October, requesting completion.

We still have a small supply of Guild Ties (blue silk with multiple Arms motif). If you would like to purchase one, please send a cheque for £17.00 made payable to The Guild of International Bankers to the Guild Office.

St Stephens Club

The Guild is pleased to be able to offer an affiliation with St. Stephen's Club in Westminster, London SW1. Historically, this distinguished Club founded in 1870, was closely connected with the Conservative Party. It is now wholly apolitical and welcomes members of both sexes. Overlooking St James's Park, with its own private garden, St. Stephen's is situated in an elegant building at No.34 Queen Anne's Gate - a one minute walk from St. James's Park underground and ten minutes from both Charing Cross and Victoria mainline stations.

The proprietors would like to offer all members of the Guild the opportunity of lunching with guests on two occasions without the obligation of membership. This will allow you to see the premises and enjoy the excellent cuisine reputed to be amongst the best in clubland. The Club is open from 9.30am - 5.30pm five days a week and is available for private functions in the evening.

Details: St. Stephen's Club, 34 Queen Anne's Gate, London SW1H 9AB

Tel: 020 7222 1382

Email: info@ststephensclub.co.uk

Web: www.ststephensclub.co.uk

Contact: Mr James Wilson

British Red Cross Christmas Market

21st - 23rd November 2005
Guildhall, Gresham Street, London EC2

The British Red Cross is holding its bi-ennial Christmas Market in the sumptuous surroundings of Guildhall from 21st to 23rd November this year.

The Market is the largest single fundraising event for the British Red Cross in the Square Mile and one of the largest in the country. In 2003 the market raised over £80,000 and in 2005 the aim is to exceed £100,000.

The fabulous setting of Guildhall offers a far more pleasurable Christmas shopping experience than the High Street with this year's stalls offering an eclectic mix of merchandise, from funky young designer bags and belts to Fair Trade crafts, international foods and hampers as well as some bargain second-hand designer items. When you can carry no more, sit down for a soothing hand and arm massage from one of the British Red Cross's Therapeutic Care team or relax with a glass of wine and a cheese platter served at Corkie's Bar, whilst listening to one of the many musical performances lined up to entertain you.

This year's Market is co-chaired by Alderman and Mrs Robert Hall and is also enthusiastically supported by a dedicated Committee of volunteers, the City Livery Companies, the HAC, the Corporation of London, which generously donates the use of Guildhall, and the City Community in general.

Cheer yourself up in miserable November, get out of the house, break away from your desk and drop into Guildhall for coffee, lunch, or a glass of wine. Have a browse and experience a refreshingly enjoyable way of dealing with your Christmas present worries whilst supporting the British Red Cross.

Preview Night (Sponsored by DLA)

Monday 21st November 5:30pm - 9:00pm

Entry by pre-booked ticket only: £15 single, £25 for two (Includes Champagne & Canapés)

Public Days

Tuesday 22nd November 11am - 6:00pm

Wednesday 23rd November 11am - 4pm

Entrance fee on the door: £3 (£1 concessions)

For further information please contact Rebecca Payne on 020 7382 4650 or Email: rpayne@redcross.org.uk