

ACI BRIEFING

NEWS FROM THE FINANCIAL MARKETS ASSOCIATION
<http://www.aciforex.com>

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Foreword by the President



Dear ACI Members,

Reviewing the year 2007 the main financial headlines were:

- **Sub Prime** – Financial turmoil in the developed markets in Europe and America
- **BIS** reports sharp increase of the FX volume (+71%) in daily currency trading
- The **PetroDollar** phenomenon
- Monetary Reserves –**Asian strength**
- **US-Dollar** – *quo vadis?*

Becoming the newly elected President of ACI – The Financial Markets Association in May 2007 I was immediately confronted not only by the rapidly changing nature of our markets but also by the internal procedures of our own association.

Let me first highlight the efforts of those traders who rose to the liquidity challenge created by Sub Prime – a phrase with which many of us were not aware a couple of months ago. Again we were faced with a crisis which was (mainly) not caused by traders, but it was the traders who had to maintain balance and stability in the financial markets. However, the markets are still not back to normal. The imbalance between derivatives and cash markets continues and I am especially concerned about the enormous settlement volumes generated. My intention shall be to move closer to the traders and help them seek solutions to help avert such conditions in the future.

I have travelled a lot over the past few months, talking to traders in different regions and I got a huge message – a message that works to one of the strengths of our Association – networking. People want to meet each other, they want to get to know our members and exchange options, as well as seek new business opportunities. Bringing both members and non-members closer together will be one of my goals and of course this should lead to an increase in membership.

People want to meet each other, they want to get to know our members and exchange opinions, as well as seek new business opportunities

I was further challenged by internal ACI tasks that needed doing. In November we had an excellent Council Meeting in Hong Kong. All representatives agreed on the need for a new composition of the Executive Board which resulted in the need for new Statutes. Those “technical” adjustments are necessary to streamline ACI, they will provide more responsibility to the regions as well as maintain our effectiveness and ability to act quickly if necessary.

A step towards strengthening ACI’s profile was the launch of our new Web page at the beginning of December. Take a look at www.aciforex.com and experience the new level of professionalism and approach. This is just the start, however, it underlines our future marketing line and industry profile.

Unfortunately my first days in the Presidency were overshadowed by the loss of two personalities. In June our former Managing Director Bill Hahn passed away, and in November ACI’s Treasurer Armin Steppan (Global Treasurer at Arab Bank in London) died of a sudden heart attack. These losses are hard to understand and it will be difficult to replace them.

Finally, on a happier note, at the end of the fiscal year let me thank all those volunteers acting on behalf of ACI, either in their local association, within a regional working group, or within ACI International for the benefit of all of us. They are making a huge effort on our behalf and are investing a huge amount of their spare time – unpaid. I also would like to thank at that point Natalie, Jean-Pierre and Souhaila for their assistance at ACI’s Head Office in Paris.

Wishing you every Happiness this Holiday Season and throughout the Coming Year

Manfred Wiebogen
President: ACI – The Financial Markets Association

In Memorium: Armin Steppan

A great man passed away

Treasurer ACI – The Financial Markets Association



Armin Steppan, 1.4.1954 – 7.11.2007

I'd like the memory of me
To be a happy one,
I'd like to leave an
Afterglow of smiles when
Life is done.

I'd like to leave an echo
Whispering softly down the ways,
Of happy times and
Laughing times and
Bright and sunny days.

I'd like the tears of those who grieve
To dry before the sun
Of happy memories that I leave
When life is done.

(given by Karin Steppan, widow)

Dear ACI community,

It is with deep sadness and still in a state of shock I have to inform you about the tragic and unexpected passing away of Armin Steppan, Treasurer of ACI The Financial Markets Association.

Armin passed away on the 7.11.2007 in London. His last journey led him right into the City of London where he was being expected by colleagues and staff and did not arrive as his big, patient and kind heart had just simply stopped beating.

Whilst it is extremely hard to find words after that enormous loss to all of us let me summarise and honour Armin's spirit.

Armin Steppan, an Austrian citizen, started his banking career in 1973 at Bank für Tirol and Vorarlberg's Loan Department. Very soon he moved into the IT Division as Senior Project Manager and Deputy Division Head at the same bank (1974 – 1982). His excellent financial and leadership skills were discovered by the bank's management and from 1983 – 1987 he became Head of Treasury.

In 1987 Armin got the chance to move from a large regional bank to the Derivatives area at Creditanstalt Bankverein Austria. From 1989 – 1992 he was the Project Manager, Global Treasury Front-end & Risk System. After system implementation he headed Money Markets, Forwards & Derivatives at

the same bank and, after a merger, at Bank Austria AG Vienna. In his last position before joining Arab Bank London as Global Treasurer he worked for Raiffeisen Zentralbank Österreich AG, Vienna as Global Head of Treasury & Markets.

He held a number of other positions too. Let me name just a few: Secretary of the Austrian League for the United Nations (1975 – 1989), Treasurer of the World Federation of UN- and UNESCO Clubs (1983 – 1987), Manager of the Austrian Water Polo Champion TWV Innsbruck (1979 – 1984) and Journalist and gourmet critic for Gault Millau, Austria (1980 – 1990).



It would not have been him, had he just fulfilled a pure banking career. Armin's character was always looking for additional challenges

His ambitious efforts for ACI were remarkable. It started with some regional events in Austria. Afterwards, 1993 – 1997, he headed the organising Committee of the 3rd European ACI Congress held in Vienna – which was a huge success. He became member of the Euribor ACI MM & Liquidity Working Group (1999 – 2001) and he was elected Chairman of the Euribor ACI MM & Liquidity Working Group (2002 – 2003). Beside this activity he was a member of the ECB Money Market Contact Group and Secretary of ACI Austria at the same time (1999 – 2004). Armin was also elected Vice President of Euribor ACI from 2003 – 2005 and took over his last position of ACI as Treasurer ACI The Financial Markets in 2004.

Personally, I had the privilege of knowing Armin nearly from the beginning of his Treasury working career. Sometimes we measured ourselves against each other as part of our daily market business – but it was always a fair and challenging dialogue. Whatever we did, our paths always crossed and we never lost contact. Armin understood from the beginning what ACI stands for – networking and maintaining contacts. I believe that's the reason why he became such a strong promoter of our Association.

To remember Armin is to get lost in superlatives:



- he was a friend
- he was respected and well known but also popular
- he was open minded
- he was always ready for an academic discourse
- he was full of energy
- he always loved what he was doing and he tried to be perfect.

The last time I met Armin personally was November 2nd in Hong Kong. After running a two day meeting we had dinner and went together to the airport. He was so happy with the outcome – and I could feel his satisfaction with life. On the way to the airport we discussed a few issues before going our separate ways. Even the next day (I was in Zurich), I received five different e-mails from Armin commenting on this, commenting on that. That was him.

He was a dear friend, he was a trusted friend – personally I'm losing a best friend. Along with many others, I shall miss him but feel richer for having known him.

During the last days, I received many condolences from all over the world. People were shocked and couldn't believe that a strong guy like him passed so suddenly and without any warning.

Good bye our dear friend, may you rest in peace.

On behalf of ACI Executive Board and Committees

Manfred Wiebogen

President ACI – The Financial Markets Association

Tributes have also been paid to Armin from many of his long-standing colleagues within ACI and the whole financial industry. They were passed on to the widow.

The cremation service was held November 19 in London. Armin was laid to rest at service in Vienna December 7.

47th ACI World Congress

29 to 31 May 2008

Austria Center Vienna

Welcome

www.aci-austria.com

what a charming idea
**Vienna
2008**



This ACI International Congress will focus on the CEE and SEE markets

Highlights Include:

- Europe Unlimited – From Vision to Reality
- Too Much Regulation – Supervisors & Senior Treasurers Have a Go!
- Banking in CEE – Opportunities and Risks
- CEE Five Years from Now – Prediction by Conviction
- Extra-terrestrials and the Euro

For Registration Details Go To:

www.aci-austria.com

www.aciforex.com

Dear ACI Friends

It is an honour and pleasure to bid a warm welcome to all congress attendants, to delegates and spouses, congress exhibitors, to all of you, our friends and guests!

Vienna, a city of culture, where music is in the air, inspiring the hearts of locals and visitors, leaving no room for negative energy.

Fresh air wafts down from the nearby alpine regions and gently mingles with the warmth of the Hungarian plains. As a result of this “melange”, Vienna enjoys climatic privileges all year round. The month of May is a reliable “provider of colours”, trees and flowers challenge each other in a picturesque beauty-contest.

This charming city truly has a lot to offer! For more than 2000 years Vienna has attracted people from neighbouring countries and, like a huge melting-pot the city has absorbed “the best from all worlds”.

Strolling through the narrow lanes and passages in the first district, the very heart & soul of Vienna is an absolute must, come rain or shine. Small antique shops huddle in between elegant fashion stores, bars, pubs and “pastry temples”. Horse-drawn carriages provide a romantic backdrop to enchant young and old.

Times have been kind to Vienna! The city has managed to retain most of the charm of the “good old days” and numerous visitors from all over the world prove its attractiveness year after year.

Nevertheless, Vienna is also quite a modern and dynamic city. A city which functions as a link between large economic powers, a gateway to Eastern Europe and has become a city of congresses, be they small or “jumbo” in size.

ACI Austria has worked hard on the preparation for the World Congress 2008, we are absolutely convinced all of you will never forget the pleasant days you spend in Austria’s capital.

Looking forward to meeting you in Vienna!

Fit for future leadership: ACI Scores Second Davos Success

The second international ACI – the Financial Markets Association Forum took place from November 1 to November 4, 2007 in sunny Davos, Switzerland. The forum is well on track towards establishing itself as a platform for a high-level exchange of insights on and beyond financial markets. Executives from all over the world participated, from as far away as Jordan and Korea.

The event was chaired by Christoph Niggli and organised by ACI's German Language Group, and provided an outstanding mix of plenary sessions, workshops and exciting social events. The Davos Forum considered the topic 'Fit for Future Leadership' in many different aspects and will remain among the best of memories as far as everybody involved is concerned.

Under the patronage of ACI and its President Manfred Wiebogen, the foundations for successful leadership in the future were discussed during a series of speeches from top level experts in their field. The first day addressed the concept of leadership from a general point of view. Of particular interest therein were questions such as the differentiation between management and leadership, and the necessity to go beyond existing rationales when thinking of alternative solutions and coming up with real new ideas.



The second day was internationally-oriented and covered topics ranging from the latest trends in technology to the most recent developments in financial markets. Particularly, the discussion of free markets versus regulatory issues resulted in detailed insights into how central banks operate and what market participants discern from it. Cultural aspects topped off the day, before the motto for the evening session became one's willingness to make every effort when communicating across cultures.

The third and last day dealt with the long-term outlook for financial markets and economies, including political developments and strategies for dealing successfully with a changing world. The final presentation was a special highlight as the aeronaut and adventurer Bertrand Piccard spoke about his very personal vision of leadership and strategies to implement this vision into practice that we all can apply.

Speakers at the Seminar were:

Prof. Gareth Jones – INSEAD and London Business School
Dr. Bernhard von Mutius – Von Mutius, Frankfurt
Mark Robson, CEO – FXMarketSpace
Carlo Koelzer – Founding Partner and Member of the Executive Board, 360t
Treasury Systems AG, Frankfurt
Vincenzo Mioccio, CEO– E-Mid S.p.A., Milano
Folker Hellmeyer, Chief Analyst – Bremer Landesbank
Werner Studener, Deputy Director General Market Operations – ECB,
Frankfurt
Prof. Fons Trompenaars, Director Trompenaars Hampden-Turner, Amsterdam
Prof. Harold James, Professor for History – Princeton University
Dr. Bertrand Piccard, Doctor of Psychiatry – Aeronaut and Adventurer

ACI Dealing Certificate Achieves Recognition in South Africa

ACI South Africa reports that after many meetings and discussions, the ACI Dealing Certificate has been recognised by South Africa’s Financial Services Board (FSB) as meeting the qualifications requirements, relevant for foreign exchange and money market training, contained in the Financial Advisory and Intermediary Services (FAIS) Act.



The Act regulates the activities of all financial services providers who give advice or provide intermediary services to clients for certain financial The minimum required level to meet the Act is that one’s qualification meets Level Six of the National Qualification Framework (NQF) as determined by the South African Qualifications Authority (SAQA).

Roy Daniels, President of ACI South Africa, says that meetings were held with the country’s Banking Sector Education and Training Authority (Bank Seta) and it was decided that given the international standing of the ACI Dealing Certificate it was not sure if a SAQA-approved NQF level was required. “The FAIS Act forced us to move a bit quicker and ACI South Africa as well as Standard Bank was alerted by one of the ACI training vendors to the fact that the ACI Dealing Certificate did not carry any recognition in so far as the FAIS Act was concerned.

“ACI South Africa worked alongside Standard Bank to make representation to the FSB as to the value of not only the ACI Dealing Certificate but also the suite of exams offered by ACI,” he adds.

ACI South Africa, on behalf of the Financial Markets Industry, says it would like to express its sincere thanks to Standard Bank for the resources it put in place in ensuring ACI’s presentation to the FSB was successful. Not only did Standard Bank allow staff members from Treasury Compliance to attend the

“It was very pleasing to receive the news that the FSB recognises the ACI Dealing Certificate as meeting the requirements of the Act and as such all persons who have passed the ACI Dealing Certificate are recognised as complying with the FAIS Fit and Proper Persons Act.”

meetings but also senior members from its Group Compliance Department. Further thanks are also extended to members of the training sector for the letters of endorsement, to ACI International, Head Office Paris for their support and also to ACI Australia.

“Lastly,” concluded Daniels. “A special thanks to the South African Reserve Bank for not only their support in this matter but also their continued support of ACI South Africa and our plans of accreditation and minimum Financial Markets entry requirements.”

ACI Suisse to Discuss BIS Turnover Survey

ACI Suisse has arranged a top level panel discussion on the recently-released Bank for International Settlements Survey of FX Turnover, featuring a presentation by one of the authors of the forthcoming analysis of the survey.

The event will take place on January 23 at the SWX Convention Point in Zurich from 6.30 pm and will be started by a presentation from Alex Heath, Senior Economist at the Bank for International Settlements. Heath will present the key results of the survey and the subsequent analysis conducted by a BIS team of analysts.

He will then join a distinguished panel for a discussion on global foreign exchange turnover, the key drivers behind its growth, the role of the Swiss market and the challenges risks and opportunities facing the FX industry. The discussion will feature Gael de Boissard, Global Head of Rates and FX at Credit Suisse; Adrian Walkling, Managing Director, Head of MCC Distribution EMEA, at UBS; and Marcel Zimmermann, Head of Foreign Exchange & Gold at the Swiss National Bank, who will moderate the session.

ACI Suisse asks members to register by January 4, 2008 using a registration form, which can be printed from its website, www.acisuisse.ch.

Commenting on the BIS release, ACI’s President Manfred Wiebogen writes:

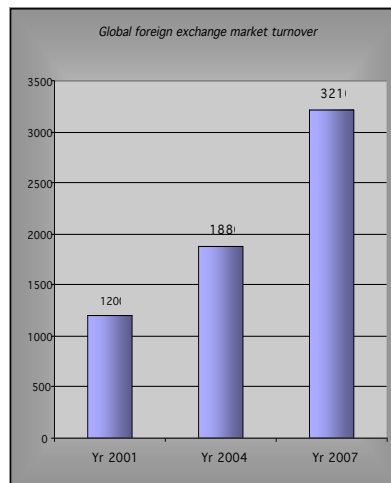
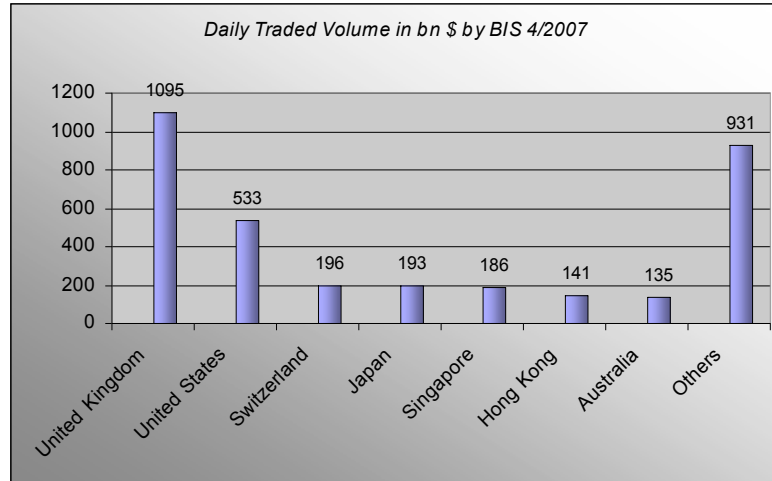
The FX industry is expanding. Daily traded FX volume increased from \$1.88 trillion (April 2004) to \$3.21 trillion in April 2007 – an increase of 71% in just three years!

The UK (34.1% market share) and the US (16.6%) are still the world largest FX markets. The US market share has fallen by 2.6%. The market share of UK has grown 2.8% whilst the Swiss market share has grown 3.3% to 6.1% in total. Japan now handles 6% and is down from 8.3%. Singapore is the fifth largest FX centre with a market share of 5.8%. Elsewhere, India is interesting

– it has 0.9% of the world’s turnover at some \$34 billion a day (\$7 billion in 2004).

Quo vadis electronic trading?

Further growth is likely. Easier access for retail investors, higher activity among investor groups and a shift from traditional investment behaviour by institutional investors towards FX, will all further increase volumes.



*Those seven financial centres represent approx. 73% of the daily FX turnover
Daily Global FX turnover*

Pension funds traditionally have kept the bulk of their money in stocks and bonds, and foreign exchange exposure was often considered risk that was typically managed through a defensive hedging program. Low bond yields and volatile stocks in recent years have forced investors into new markets. FX is no longer an alternative investment but has become a comparable asset class. It provides flexibility for investors by reducing the duration and magnitude of phases of under-performance.

Electronic trading played a major role in this growth, we estimate that amongst financial institutions, e-FX trading increased by 68% in 2006.

E-trading has lowered the barriers to enter into the FX markets. A review by Greenwich Associates earlier that year shows a doubling of foreign exchange volume from \$17 trillion in 2005 to \$35 trillion in 2006. For the first time this development boosted FX trading volumes through electronic platforms to more than half of global FX trading! In 2005 it is estimated that e-trading captured less than 30% of global FX volume.

Electronic trading counts for easy and cheap market access, flexible and fast execution, aggregation and increase of market liquidity, innovation by algorithms trading,

It also means easier deployment of automated trading strategies and it provides anonymity but also improved quality of execution. These may be the reasons that more and more hedge funds and proprietary traders rely on algorithms. Although we may now expect a certain level of consolidation in e-trading there still is the potential that in 2010 electronic trading will cover approximately 75% of global traded volume!

Shades over the markets?

Now, there is no sun without shade. As happened in equities do recent developments augur a move towards 100% Web-based foreign exchange trading? A centralised (exchange-based) platform through increased regulation would minimise the risk of trading in the over-the-counter market and could be favoured one day by the authorities. Let's keep a close eye on future developments.

Besides the usual known risks, such as a failure or malfunction of the systems (e.g. inability to enter or cancel orders or system downtime); or any fault in suspension or restrictions of trading (e.g. illiquidity or market restrictions). Equally, the increase in FX turnover might bear enormous market risks for market professionals but also for non-professionals. The risk simply arises from the bundling of huge volumes amongst a few market makers which eliminates diversification. Shifting of huge volumes might cause a snowball effect and drive the markets which may force other participants to bail out of positions. Conversely, simplified market access to the gigantic FX market has recently discovered by retail traders. FX trading is rather sophisticated and demands experience. Losses among margin traders may damage the reputation of the biggest professional market.

Whilst technology changes the financial markets it also changes the behaviour of the traders or trading techniques. As experienced during the recent Sub-

Over the last few years Foreign Exchange has been discovered as an alternative asset class to bonds and equities by institutional investors.

Prime crisis – how important is it to have friends in the markets, to use your personal contacts? Networking (“know your customers” or “know your partners”) is, what ACI – The Financial Markets stands for. We bring people together what should help all of the market participants especially in times of market/liquidity crisis.

New President for ACI UK

The UK association of ACI – The Financial Markets Association appointed a new President at an extraordinary general meeting in October. Morgan McDonnell has been elected to the presidency of ACI UK, which had been held by Alan Attwood, who retired from the financial markets earlier this year.



McDonnell is the Head of Global Foreign Exchange and Service Delivery for RBC Dexia Investor Services Trust in London, responsible for the organisation's trading operations in Toronto, London and Sydney. Prior to moving to the UK, he was Head of Treasury for Bank of Montreal, Ireland, where he successfully led the Treasury function from a start-up operation to the country's largest foreign-owned proprietary trading room.

ACI's International President Manfred Wiebogen welcomes McDonnell's appointment and says he believes it will lead to a boost to UK membership as well as help promote ACI's international image. "The UK represents the biggest FX market worldwide. A strong local based association is of extreme importance to both the global markets and ACI itself," he says. "We welcome Morgan's appointment and look forward to working with him to promote ACI in the UK and worldwide."

Attention now switches to Vienna and the scene of the 47th World Congress, hosted by ACI Austria from May 29-31 2008. Details of how to register can be found on www.aci-austria.com.

ACI Honours “Volunteers”

At the recent Hong Kong Council meeting of ACI – The Financial Markets Association, President Manfred Wiebogen proposed honorary membership for two ACI stalwarts in recognition of their long and important service for ACI, as well as an Honorary Presidency for his predecessor.

Mike Eastaway from Australia and Saad Jamaledine from Lebanon were unanimously approved by Council for honorary memberships and Godfried De Vidts for the honorary presidency.

Eastaway was Vice President of ACI for six years, Chair of ACI's Special Projects Group for eight years, as well as Regional Executive for Australia and New Zealand for many years. He was head of the SPG at the time it presented new Statutes for ACI, and was also one of the founders of ACI Australia's tremendously successful Dealing Simulation Course.



L-R Manfred Wiebogen,
Saad Jamaledine,
Godfried De Vidts and
Mike Eastaway

Jamaledine served as Secretary and President of ACI Lebanon, as well as on ACI's Board of Education where he held the posts of Vice Chairman and then Chairman. He was also one of the organising committee of the fantastic World Congress in Beirut in 2003. Paying tribute to Jamaledine, the late Armin Steppan said he was "the role model of volunteerism".

De Vidts became President of ACI – The Financial markets Association in 2004 at a time when the buzzword was "change" and he succeeded in implementing much change in the organisation that led to a more business-orientated approach. There was also time to look back, however, through his leadership of the project to celebrate ACI's 50th

ACI Kenya Stresses Education to Drive Africa Forward

The growing awareness of how membership of ACI – The Financial Markets Association can benefit an emerging market is being demonstrated in sub-Saharan Africa where ACI Kenya is undertaking an initiative to raise awareness even further.

Brian Muigai, President of ACI Kenya and Senior Trader, Treasury at NIC Bank in Nairobi, is a passionate advocate of the potential of the sub-Saharan African region and is keen to establish Kenya as a regional hub for training. A major first step was taken recently when ACI Kenya hosted the ACI Australia Dealing Simulation Course in Nairobi and attracted the largest attendance [51] anywhere outside of Australia in the near-20 years of the course.

Delegates from nine African countries attended the five day residential course which was held at the Kenyan School of Monetary Studies and supported by the Central Bank of Kenya, Stanbic Bank, Kenya; Standard Bank of South

Africa and the International Finance Corporation – a division of the World Bank.

“Some of the delegates were from countries that are only just starting to build their financial markets infrastructure,” says Muigai. “The course opened a lot of eyes here in the region and raised awareness and understanding of how the market operates across a broad range of products. Things like this can really help us develop and if we can host more of these courses the banks, indeed the wider market, will get the benefit.

“Kenya can become the training and development hub for the region,” he adds. “We have an infrastructure and expertise that we can leverage to help other countries develop their markets.”

Senior figures from the sponsoring organisations attended the course and delivered lectures – some also joined in the mayhem of the “live” dealing sessions as they sought to get a real “feel” for how the course works.

An indication of the potential for ACI’s education programme can be found, Muigai points out, in the fact that nine delegates were in attendance from Rwanda, at the behest of the country’s central bank. “Much of the development work is being driven by government organisations,” he explains.

“I believe our skills base will grow enormously over the next five years which means we will be in a position to export our expertise to other parts of the world. That is why I am a proponent of firms like Icap coming to Kenya and bringing their expertise and experience in building market infrastructures with them. They can attract other players and build liquidity in our markets, and that elevates our status, so we, as ACI Kenya should support such initiatives.”

Muigai stresses that this evolution is already well advanced and that the opportunities in the region are growing exponentially. “I have seen a definite and positive change over the last few years – volumes are picking up as the depth of knowledge within the institutions grows,” he adds.

Currently, aside from the development of forward markets, product development is very much aimed at investors seeking exposure to sub-Saharan Africa as a region. For onshore institutions one serious hurdle remains in place – regulation.

“There are a few derivative products coming into the market but it is a slow process because we need to build understanding,” says Muigai. “There are regulatory hurdles to overcome before we can develop further derivative products. At the moment, many products that have to be hedged offshore can be too expensive due to the margin from the pricing hubs, but the time will come when they are allowed to hedge onshore.

“We have a better prepared group of people to face the challenges of the market than ever before – thanks in part to the education that ACI can offer.”

“I strongly feel that everyone in the industry, under the auspices of ACI, has to play a part in convincing regulators of the value of these products and we can only do that through education,” he stresses. “We need to carefully explain the risks and establish an oversight framework – which in turn means the central bank has to be part of it. This has to be an industry-wide initiative – derivatives can be very valuable tools and we need to demonstrate this.”

As Muigai further points out, as derivative products move onshore, understanding everywhere will go up and selling to them to the customer will be easier. “It is about raising comfort levels,” he says. “I strongly believe increased awareness of these products will enable us, the banks, to roll out more products to our customers and help them manage their exposures better. This will mean stronger African financial markets in general.

“We are moving in the right direction, and overcoming concerns people may have about Africa,” concludes Muigai. “We are providing opportunities and local expertise in an area of huge natural wealth. It is about seizing the moment – Africa has a great future if we as a group are able to grasp it.”

ACI Takes Part in Indian Repo Seminar

ACI India, in association with ICMA and FIMMDA, recently hosted an Indian Repo Forum in Mumbai which attracted over 100 delegates.

India’s repo market is about \$10 billion with some 150 participants with an average daily volume of \$3.9 billion. The borrowers are foreign banks (59%), primary dealers (23%) and private sector (23%). Lenders come 77% from the asset management area. The collateral range is Indian government bonds, T Bills, State Government bonds, and there is currently discussion regarding the future use of corporate bonds.

The uncollateralised market is \$2-4 billion, with the level of interest rates mainly between corridors managed by the Reserve Bank of India. The use of the Global Master Repo Agreement is not widespread yet, but the legal opinion in India is that it will be available shortly and this should help the market forward.

Most repo transactions are made for proprietary reasons for liquidity purposes, there is no real trading aside from this at the moment. All repo trades go through the Clearing Corporation of India (CCIL), which has acted at the central counterparty to the market since 2002. Custodian banks are responsible for good settlement, including margining.

Recent surveys found that netting in 2005 was 42%, 54% in 2006 and 60% in 2007. Three different margin calls can be made, these are; initial, mark-to-market and volatility margin. A futures market was introduced in 2003 but failed to really establish itself, however a re-introduction is being discussed.

Given the desire of the Reserve Bank to grow the use of the Indian repo market, the seminar took place at a very opportune time. It featured speakers from local and international institutions, the Reserve Bank, as well as the CCIL and ICMA. Day One studied Indian repo market practices in detail with a series of speeches and concurrent panel sessions, before the structure was repeated on Day Two, only this time with a focus on international market practices.



“I am committed to delivering a framework that will benefit this close working relationship in a professional way in order to create efficiencies and benefits for all.”

Euribor ACI Elects President

At a board meeting of Euribor ACI, for President of ACI – The Financial Markets Association, Godfried De Vidts, Director of European Affairs at ICAP, was elected as President of Euribor ACI.

At the same time, Andreas Hauschild, Head of Liquidity Management at Commerzbank, was elected as Vice President and Thierry Cazaux, Head of Compliance at ETC Pollak, was elected as Secretary.

Euribor ACI has a strong commitment to constructing and developing the financial markets in Europe. As such a number of European cross-border working groups have been established. Euribor ACI also participates in the management of the Euribor and Eonia indices and the maintenance of the Eonia Swap Index.

“Recent turbulence in the financial markets has once again shown the need for strong co-operation between the wholesale financial market participants and European central banks, regulators as well as the European Commission,” says De Vidts. “I am committed to delivering a framework that will benefit this close working relationship in a professional way in order to create efficiencies and benefits for all.”

New Website for ACI

The more observant amongst you will have noticed that work to renovate the Association’s website is complete. www.aciforex.com now offers an even wider range of resources for members, including reports and speeches by senior members, upcoming events, a photo gallery and much more.

There is also a new Publications section, that offers reports provided by ACI to the world's media as well as greater detail of the various committees' publications in the form of Working Papers.

Further changes to the site will follow, so pay a visit to www.aciforex.com to see what the new website offers you.

New Interim Chair Board of Education



Christoph Niggli, Head Education Money Markets, Currencies and Commodities at UBS AG Zurich, has taken over as Chair Board of Education on an interim basis from Saad Jamaledine of M1 Group.

Jamaledine stepped down from the position at the Hong Kong Council Meeting on November 2nd, according to the statutes and the arrangement at Montreal's Council Meeting in May last year.

Over the past years Saad has done a tremendous job for ACI and was offered Honorary Member of ACI - The Financial Markets Association in Hong Kong.

Niggli will be Chair Board of Education until the Vienna Council Meeting on May 29th 2008. He has worked for many years within the Board ACI Suisse and for ACI's Examination Board and Board of Education.

ACI's President, Manfred Wiebogen welcomes the move. He says he met Niggli for the first time in 1996 at the Frankfurt International ACI Congress. "Together with German colleagues we installed the German language board with the goal to promote the ACI education programme in German speaking countries and also towards the German translation of the exams."

He adds: "Christoph is a hard working and competent personality. Amongst the organization of countless trader seminars, he has been the driving force of the re-installation of the ACI senior trader seminar, the so called "DAVOS Financial Markets Forum" in 2002 and 2007, of which he chaired the most recent forum in November.

"I'm glad to have such a strong character with the support of a huge international market player in the team of ACI."

ACI Australia Dealing Simulation Course Ends Year on a High

ACI Australia's Dealing Simulation Course closed 2007 – a year in which it held eight courses – on a real high with the its inaugural course in the US and the second course of the year to be hosted in the UK.

November saw the course break new ground in the US, where in association with Profit & Loss magazine, ACI Australia put 21 delegates from 14 institutions and four countries through their paces over three days.

The Dealing Simulation Course is a residential course enabling all delegates to experience trading in a real time environment using cash and FX options. They experience realistic market movements and therefore the related emotions of a 24 hour dealing environment.



“It’s as close as possible to the real thing,” says Jack Richards, director at the first time ACI Australia has held its Dealing Simulation Course in the United States. Having delivered this course successfully in Australia for 20 years and in numerous countries around the world for over seven years we felt this was a logical extension to our education model that is one of the cornerstones of ACI Australia and ACI as a global association.

“The feedback has been extremely positive and as such we will be endeavouring to hold another successful course in New York in the first half of 2008,” he adds.

The US course followed closely on the heels of the latest to be held in Australia, which attracted 48 delegates, 12 from New Zealand, and was followed by the second course to be hosted by ACI UK in 2007. During the latter course, 30 delegates from 16 institutions and eight countries were tested over five days.

The course is sponsored globally by BT, Icap, Profit & Loss and Reuters, the UK course attracted additional sponsorship from CME Group and FX MarketSpace.

Richards says that ACI Australia has several courses already in the diary for 2008, details can be found by visiting www.aciaustralia.com.au.

Jordan Hosts 33rd ICA Congress

The Jordan Forex Association was pleased and honoured to act as host for the 33rd ICA Congress, which brought together around 400 delegates and guests from 26 countries. Various challenges and the rapid growth in the region led the organising committee to adopt the theme of the Congress as “And the Progress Goes On”.

The business sessions started immediately after the official inauguration of the exhibition which hosted 13 banks, financial institutions and entities providing financial services. High profile speakers shared their insights and expertise with the audience through presentations which focused upon Arab financial markets, the global economic outlook, hedge funds and enhanced liquidity management, crisis in the Middle East and its impact on other regions. The sessions closed with a panel on garnering the biggest return from one’s investments.

The forum was also a great opportunity for delegates, guests and exhibitors to strengthen professional relationships, as they sat for lunches sponsored by Banque AIG and Capital Bank. Platinum sponsors Arab Bank, Calyon Credit Agricole CIB and Unicredit hosted dinners with a Jordanian flavour and at the closing dinner there was the traditional handing over of the flag to the President of ACI Egypt, Hisham Ramez Abdel Hafez, who invited everyone to visit Egypt for the 34th ICA Congress.

A fourth Platinum sponsor, UBS, offered organisers and participants the opportunity to visit the majestic site of Petra, which was recently named as one of the Seven Wonders of the World.

Prior to the Congress, ICA’s Executive and Administrative Committees met, followed by the Association’s Annual Meeting. At the meeting, it was agreed that ICA would establish an intensive training business plan to meet members’ requirements during 2008. Also at the meeting, Jamal Fariz, President of Jordan Forex Association was appointed Honorary Chairman of ICA in recognition of his long support and devotion to the Association.

WEB LISTING

ACI - The Financial Markets Association www.aciforex.com

Forex Club Argentina www.forexclubargentino.com.ar

ACI Australia

www.aciaustralia.com.au

ACI Austria

www.aci-austria.com

ACI Forex Belgium

www.acibelgium.com

Financial Markets Association of Canada

www.fmac.ca

ACI Channel Islands

www.acici.com

Forex Croatia

www.bank.hr/forex

ACI Czech Republic

www.aciforex.cz

ACI Forex Danmark

www.aciforexdanmark.dk

AFTB

www.acifrance.net

ACI Germany

www.aci-germany.de

Forex Greece

www.forexhellas.gr

ACI-The Financial Markets Association of Hong Kong

www.acihk.org.hk

Hungarian Forex

www.aci-hungary.hu

Forex India

www.forexindia.org

ACI Ireland

www.aciireland.com

ATIC forex (Italy)

www.aticforex.com

Kuwait Financial Markets Association

www.kfma.org.kw

ACI Lebanon

www.acilebanon.com

ACI Luxembourg

www.acilux.com

The Macau Financial Markets Association

www.mfma.org.mo

Financial Markets Association- Malaysia

www.ppkm.net

ACI Monaco

www.acimonaco.com

ACI Nederland

www.aciforex.nl

ACI Norway

www.acinorge.com

ACI Philippines

www.aciphils.com

ACI Poland

www.acipolska.pl

Forex ACI Portugal

www.forex-aciportugal.com.pt

ACI Romania

www.aciromania.ro

ACI Russia

www.acirusssia.ru

Forex Slovenia

www.forex-club.si

ACI South Africa

www.aciforex.co.za

ACI Sweden

www.acisweden.com

AMF/ACI Spain

www.asocciacionmercadosfinancieros.com

ACI Singapore - The Financial Markets Association

www.acisin.com

ACI Suisse - The Financial Markets Association

www.acisuisse.ch