Bonjour
Mesdames & Messieurs

CONVENTION OF INDEPENDENT FINANCIAL ADVISORS
A Non-Profit Foundation

A Non-Governmental Organization in general consultative status with the Economic and Social Council of the United Nations

beyond wealth

Hermes Partners International
Special Situations Advisors

Monaco, June 1, 2016

Theme 1:

Legislative Over-activity
Investigations
Fines
Confiscations

Is this going to improve the global (financial) system?

Legislative and potential effects on the economy

Legislative over-activity, investigations, fines, confiscation:
are these results likely to improve the global (financial) system?

- 1. The avalanche of standards and rules imposed strangle (financial) SMEs. Does this promote a dynamic and competitive market place?
- 2. The bailed-out big financial institutions are able to negotiate fines imposed upon them. Can small operators do the same?
- 3. To what extent do large banking groups interpret complex regulations to their advantage in order to wipe out small players?
- 4. Have the redundancies between the various directives (MIFIR, MIFID II, EMIR-European Market Infrastructure Regulation) been measured? SMEs?

5. Some insights and thoughts … !

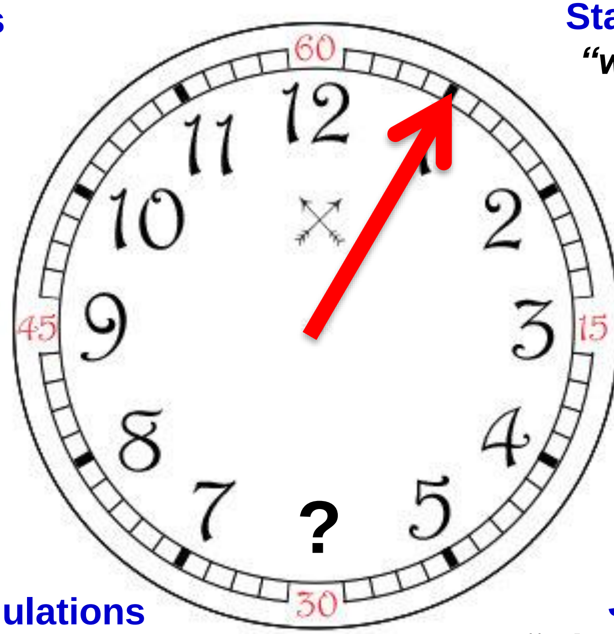
Conclusions
"……"

Actions
"Rx - who prescribes - the medicine"

Impacts
"we maybe know but…"

Competition
"who can participate"

Cost of Regulations
"impact assessment"



Standards & Rules
"who is affected"

Markets
"where are rates?"

Economy
"where do we stand?"

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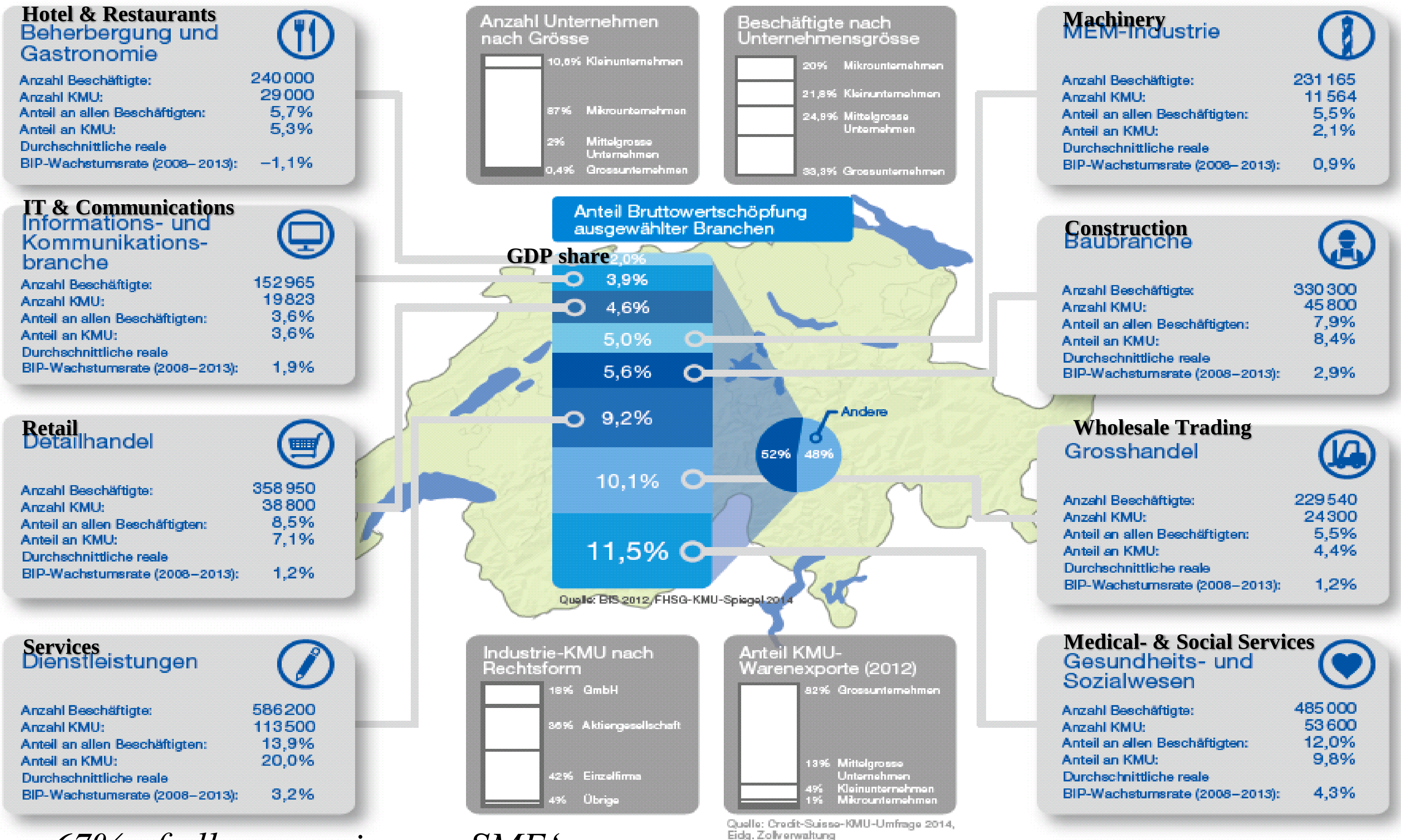
1. Impact Assessment > Structure of typical European Economy



Source: Zurich University Applied Sciences/2015

- *67% of all companies are SME's;*
- *40% work for Small companies and 25% for Medium sized companies (or about two thirds)*
- *SMEs are the **<u>BACKBONE</u>** of our economic and social structure!*

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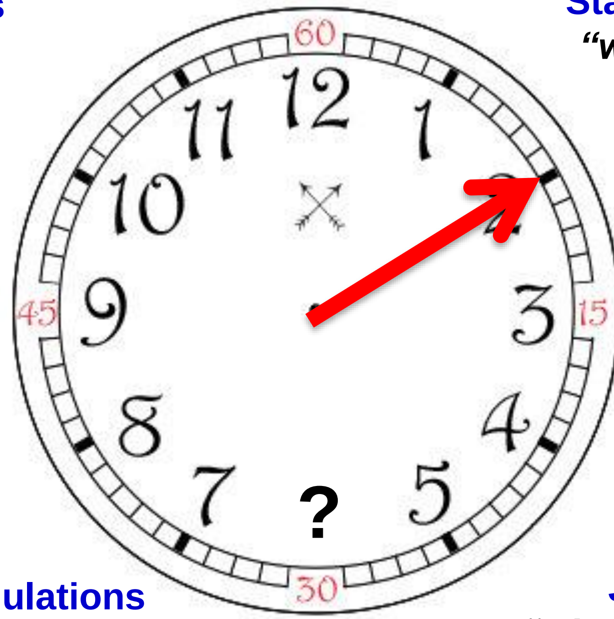

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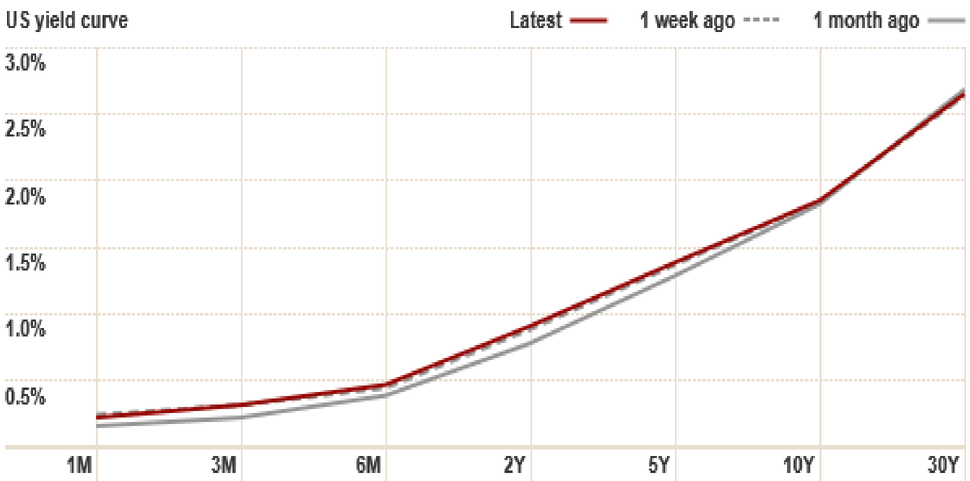
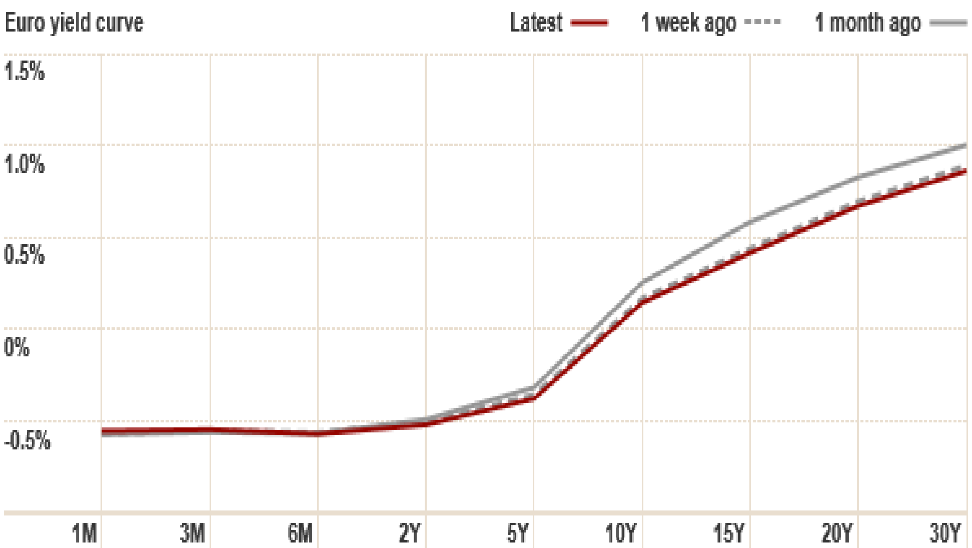
2. Credit reference rates





about 25% of OECD- debt @ negative interest!

Source: Financial Times, AS OF MAY 27 2016

Lender	Current	Previous rate	Since date
Canada Bank Rate	0.0%	1.3%	Aug 01 2012
Euro REFI	0.0%	0.1%	Mar 14 2016
Japan O/N Target	0.0%	0.1%	Sep 20 2012
New Zealand Prime	2.3%	2.5%	Mar 08 2016
Poland Discount Rate	1.8%	0.0%	Apr 01 2016
Russia REFI	11.0%	0.0%	Jan 25 2016
Sweden REPO	0.0%	1.5%	Dec 02 2014
Switzerland Prime	0.0%	0.5%	Apr 25 2012
United Kingdom	0.5%	1.0%	Mar 04 2009
United States Fed Fund Target Rate	0.5%	0.25%	Dec 16 2015
United States Prime WSJ	3.5%	3.25%	Dec 16, 2015

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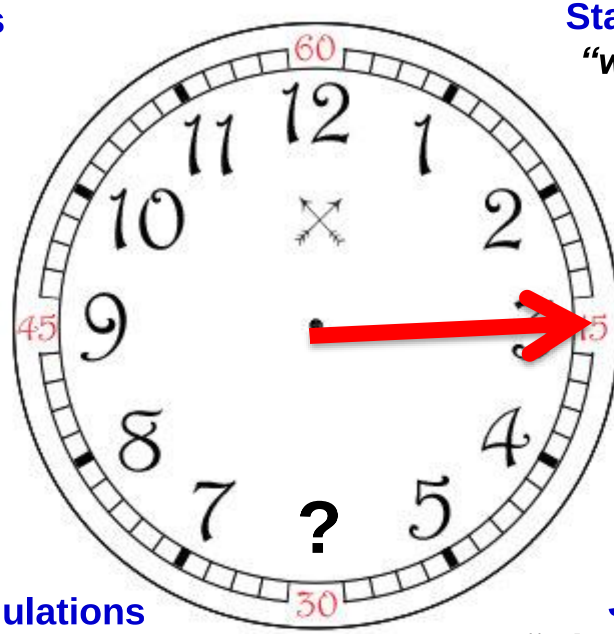

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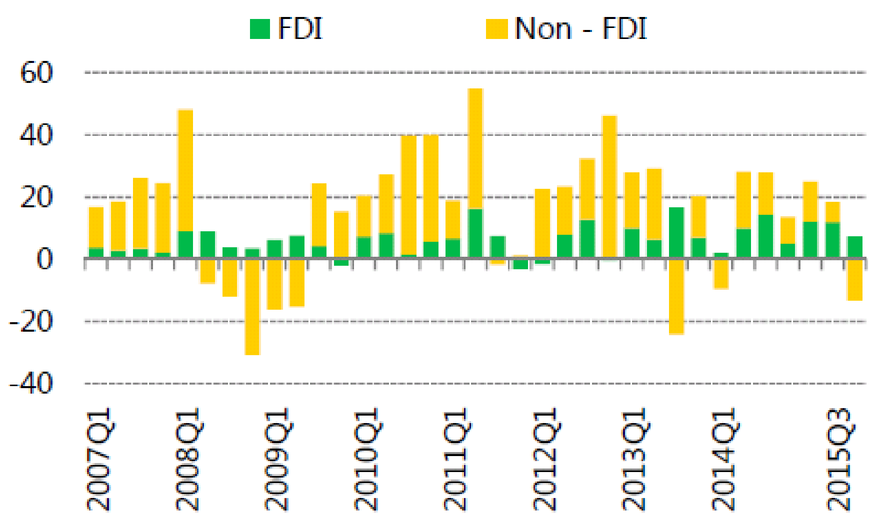
3. Where do we stand economically - despite record low interest rates ?

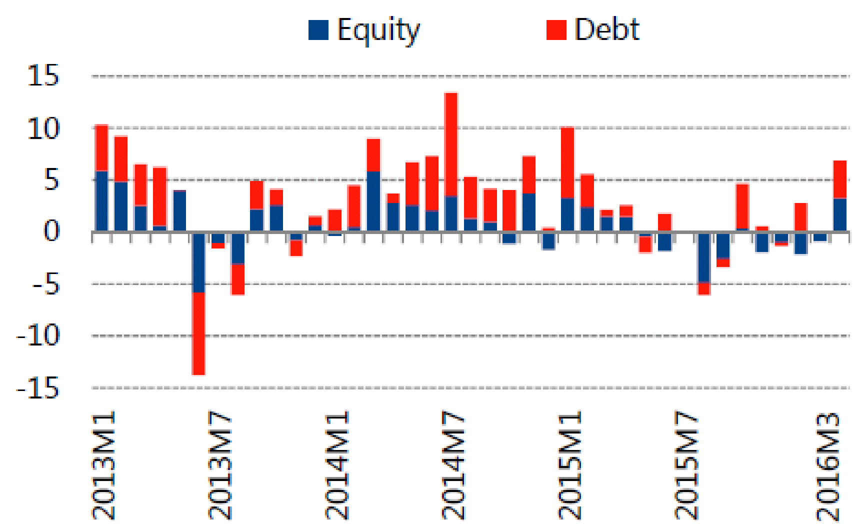
Tighter global financial conditions continue to put pressure on capital flows and exchange rates

Emerging Asia excl. China: Capital Flows
(In billions of U.S. dollars; positive = capital inflow)



Sources: IMF, IFS database; CEIC Data Company Ltd.; Haver Analytics; and IMF staff calculations.

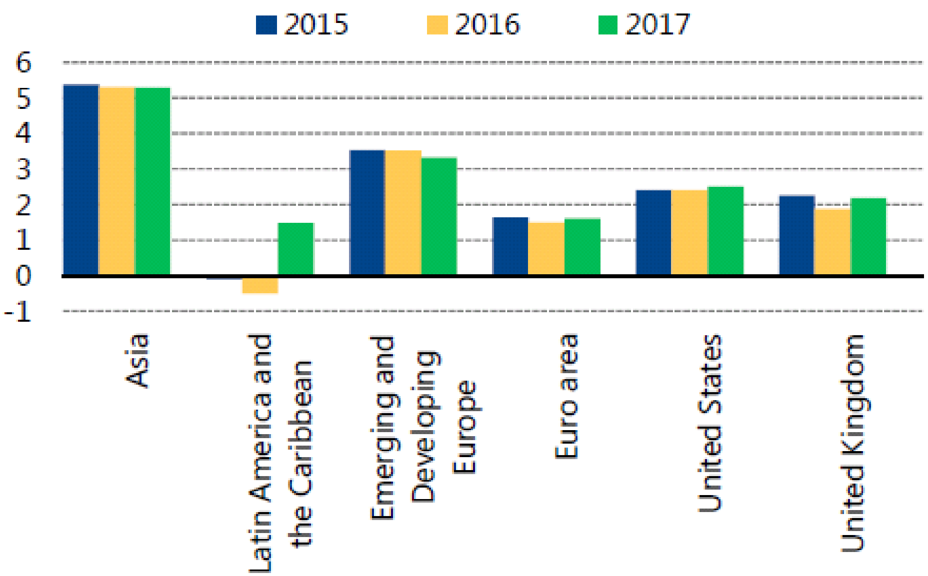
Emerging Asia excl. China: Portfolio Flows
(In billions of U.S. dollars; positive = capital inflow)



Sources: Bloomberg L.P. ; Haver Analytics; and IMF staff calculations.
Note: Equities coverage: India, Indonesia, the Philippines, and Thailand; Bonds coverage: India, Indonesia, and Thailand.

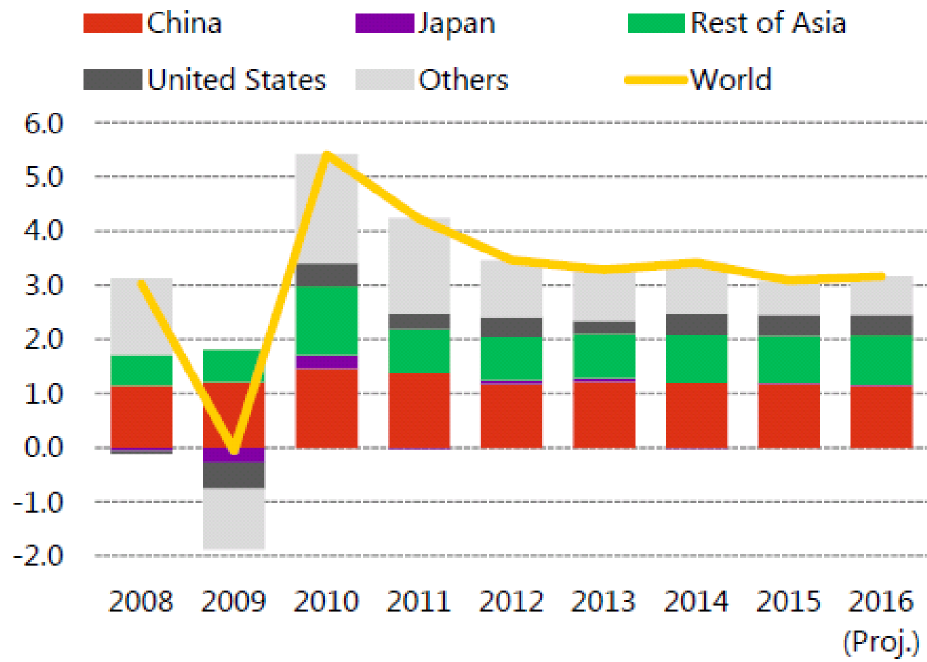
3. ..despite record low interest rates…global growth has been slowing

Global: Real GDP Growth
(Year-on-year; percent change)



Source: IMF World Economic Outlook database.

Contribution to Global Growth, 2008-16
(In percentage points)



Source: IMF World Economic Outlook database.

★ What could be the reasons ?

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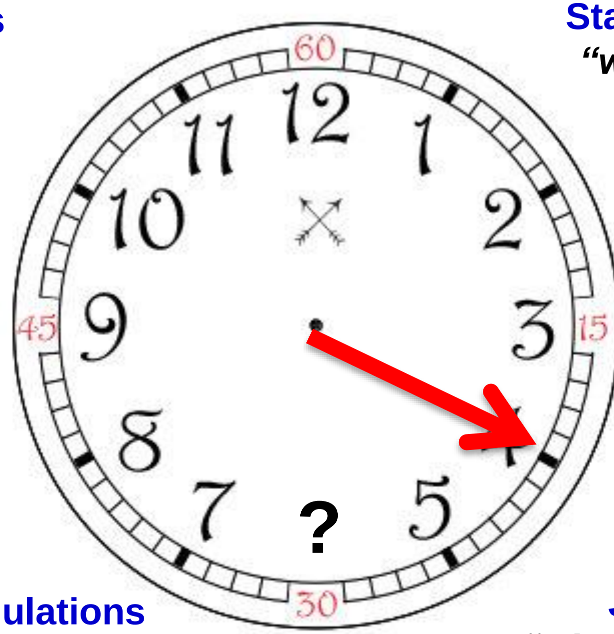

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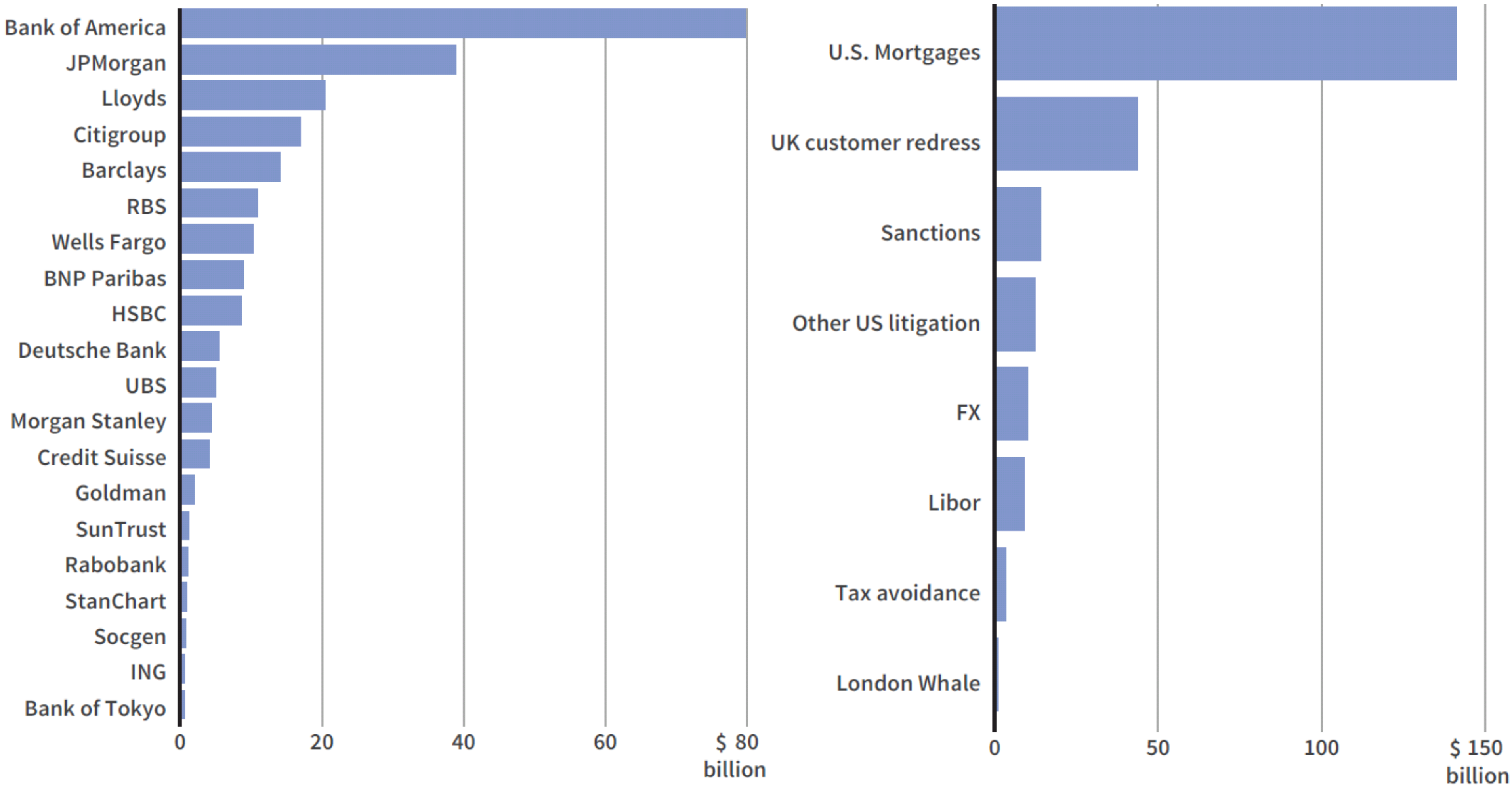
4. Fines: Banking Misconduct Bill

Twenty of the world's biggest banks have paid more than $235 billion in fines and compensation in the last seven years for a litany of misdeeds, ranging from fines for manipulation of currency and interest rate markets to compensation to customers who were wrongly sold mortgages in the United States or insurance products in Britain. The scale of the payouts is roughly equivalent to the annual economy of Greece or Portugal.



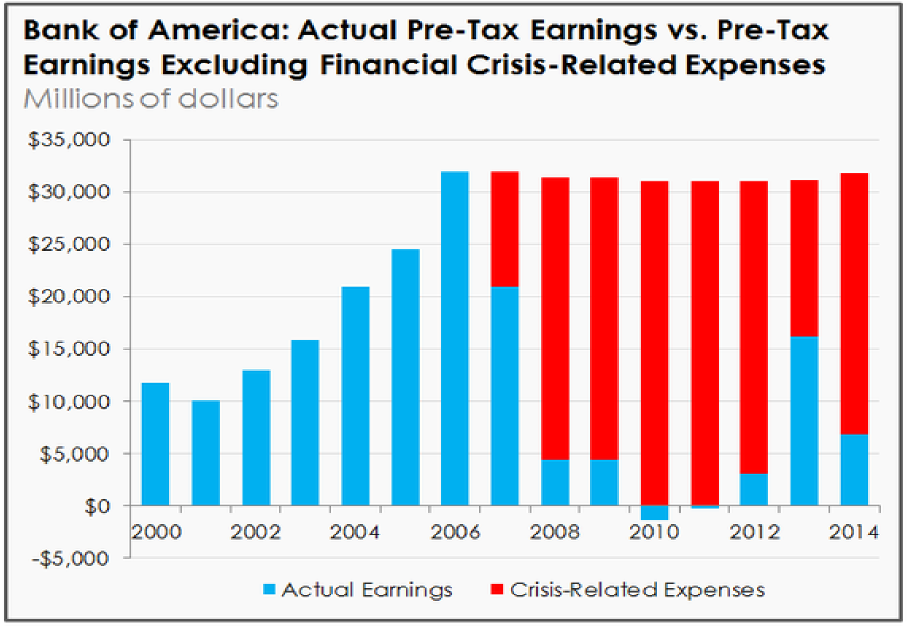
4. Breakdown of "Fines, Type, Bank"

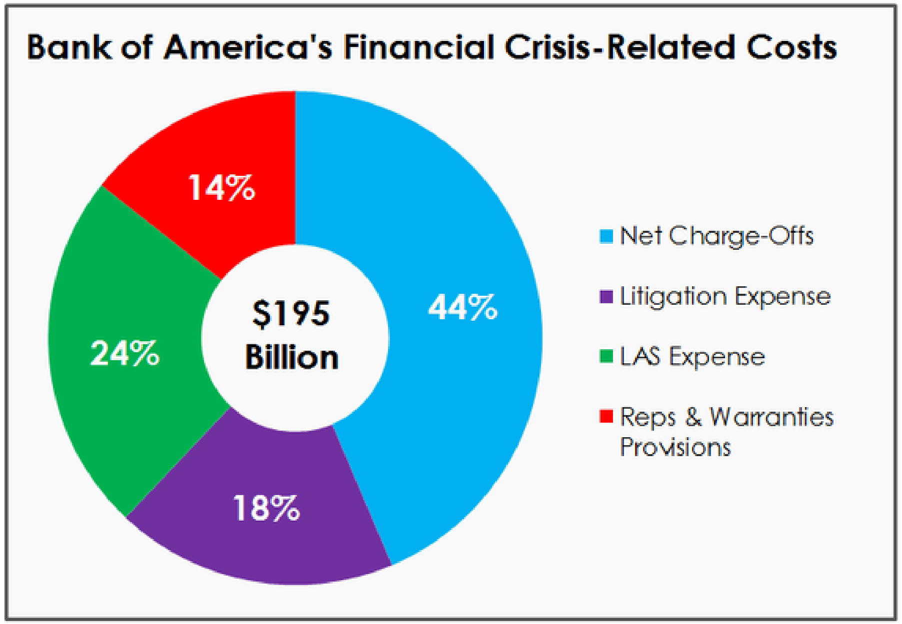
Name	U.S. Mortgages	UK customer redress	Sanctions/AML	FX	Libor/int rates	Tax avoidance	London Whale	Other US litigation
Barclays	$280	$10,500	$298	$2,318	$628			
Citigroup	$12,264			$2,285				$2,445
JPMorgan	$30,685			$1,904	$108		$1,120	$5,102
RBS	$233	$8,231		$1,303	$1,143			
UBS	$1,385			$1,141	$1,700	$780		
HSBC	$799	$5,263	$1,920	$618				
Bank of America	$75,512			$455				$3,854
Bank of Tokyo			$565					
BNP Paribas			$8,900					
Credit Suisse	$978		$536			$2,600		
Deutsche Bank	$1,925				$3,500			
Goldman	$2,040							
ING			$619					
Lloyds		$19,686	$350		$370			
Morgan Stanley	$4,452							
Rabobank					$1,066			
Socgen	$122				$603			
StanChart			$997					
SunTrust	$1,288							
Wells Fargo	$9,361							$878

4. Damage vs. Ownership Structure

WHO really owns the Banks?

- HSBC Holding plc shares areheld by over 220,000 shareholders in 129 countries and territories
- BAC is 67% owned by Institutional shareholders
- UBS AG shares are held by about 230‘000 shareholders, incl. major sovereign wealth funds
- ➢ *Typically, large Banks are owned at least two thirds by mutual investors*





Data source: Bank of America's presentation at the 2015 Barclays Global Financial Services Conference.

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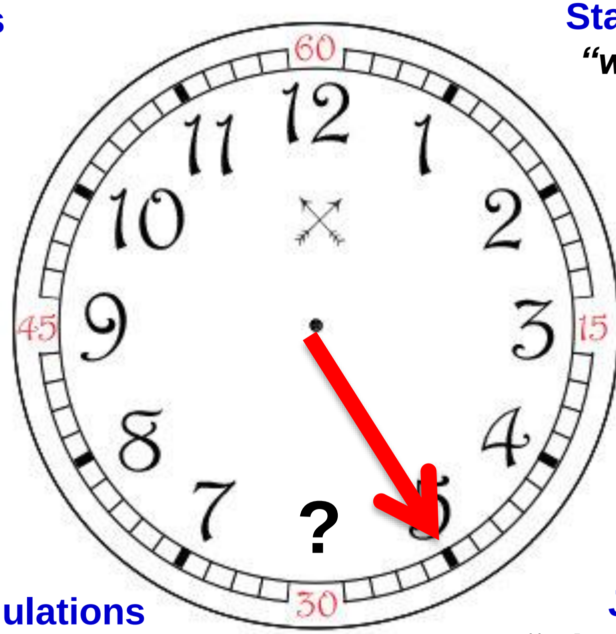

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5. Justice on whom ?

With large banks majority owned by mutual investors (pension funds, mutual provident funds, social security systems, etc.), it raises the mor**al question** as those who eventually pay, i.e. SHAREHOLDERS:

- could not really be gullible,
- had NO choice in even their asset allocation,
- had no say in the „fine determination process“
- already paid for huge losses incurred.

Argumentation Rationale:

Large banks are all included in major stock market indices and thus must be proportionally included by (virtually) all **mandatory** social security, pension-, retirement, etc. funds in their portfolios.

Thus, in quintessence, a „worker“ who complety obejed all the regulations and law and contributed something like 10% of his/her salary to his/her mandatory provident fund, which then suffered huge losses due to the banking crises, is then also being fined on his social security /retirement shareholdings.

Thus, basically ALL of us in this room paid – guilty or not was not even tested !

5. Justification of “Fines” and Regulations

“<u>Official</u>” Rationale

- bringing ‘misbehaving’ banks into check
- Terrorist financing
- Tax avoidance

Likely “<u>Real</u> Rationale”

- Hidden, often extraterritorial form of Taxation
- Political Posturing
- Selective Defaults - Politics
- Financial Markets Competition(USA vs. Europe)
- Control over citizens

5. Banking “Fines” on what basis ?

CEO Viewpoint

«*The arbitrariness*, at which fines have been set, is problematic» Already in the past year, enormous fines have been imposed and banks have made huge provisions.

Under the still pending settlement of past mistakes, the entire banking sector has been suffering. Partially, the actions of the authorities can be understood, yet it *contributes to the present **uncertainties in the banking sector** and affects the profitability of the institutes.*

Source: UBS CEO Ermotti

5. Banking “Fines”: Observations – Effects - Impacts

„Fines“

Largely the wrong „guys“ pays
(first for the huge losses the banks incurred and then also the fines)

Effects of „fines“:

- *„uncertainties in the banking sector“ > **Banks now managed by FEAR !***
- *uncertainty = risk aversion or „no-no-no“ culture*
- ***risk aversion & discrimination of banks (from account opening, maintenance and pricing!) which primarily affects and discriminates against SMEs, small banking clients, emerging markets, including even millions of developing countries guest workers***
- ***creates, contributes „underground/shadow“ banking& financial sector***

★ in aggregate likely significant impact to the global economy !

5. Justice? Banking “Fines”: Observations – Effects - Impacts

„Fines“

• Amounts:	„**arbitrariness**“ > no clear fine „tarif“, applied
• Legality:	„**not challenged**“ > mgmt do not want to ruin their careers“
• Targets:	„those who **can** pay“
• Regulator‘ past role:	„bears **no responsibility**“ (regulatory failure)
• Management‘ past role:	„not being held responsible“ (econ never, regulatory/crim rarely“
• International Politics:	„BNP $9bn „Ir“ case“ (legal in France vs. illegal in USA)
• Domestic Politics:	„political career booster to heavily fine ‚bad banks‘ “
• Market Competition*:	„FATCA ‚**on way rules**‘ („not ok in Zurich - but ok in Delaware“)
• Payer „Consideration“:	„**the wrong guy**“ > shareholders rather than management
• Recipients of „fines“:	„primarily the USA“
• Legal aspects:	„*extraterritorial*, *sometimes retroactive*, application (of US law)“
• Negotiability (question)	„seemed to be of lesser importance“

★ the legal system has not been really designed to fairly deal with the effects and aftermaths of the financial crisis !

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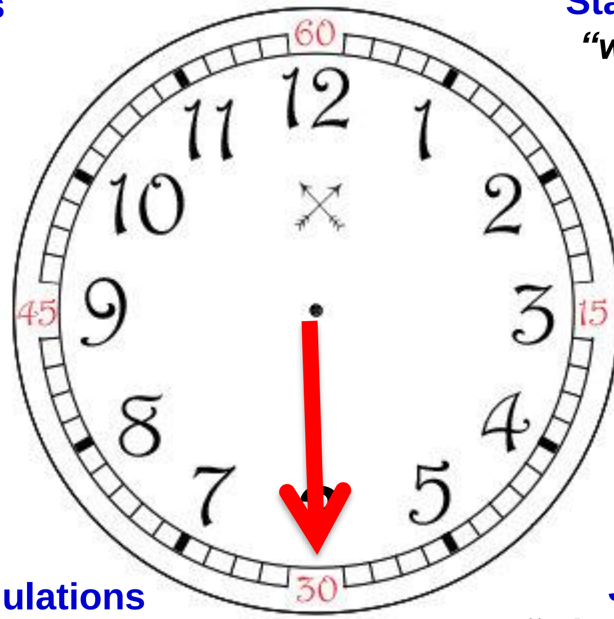

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6. Regulatory Definitions

MIFIR
MIFID II
EMIR - European Market Infrastructure Regulation

The MiFIR Regulation encompasses the rules and guidelines on execution venues, transaction execution as well as pre- and post-trade transparency. The contents of the Regulation are subject to Level 2 and Level 3 measures and will immediately come into force in the EU member states **without possibility of national implementation specifics.**

MiFIR contains standards and requirements which have an immediate effect on trading platforms and investment firms, their systems as well as their trading processes. A focus is on OTC derivatives and on ensuring pre- and post-trade transparency. Therefore MiFIR directly links to EMIR , which was mainly a post-trading topic, and widens the obligations to the pre-trade area. Also, the range of reportable instruments is significantly broadened.

MIFID contains about 1’200 pages

6. Definitions and Objectives

- **MiFID (II) and MiFIR**
- **MiFID is the Markets in Financial Instruments Directive (2004/39/EC). It has been applicable across the European Union since November 2007. It is a cornerstone of the EU's regulation of financial markets seeking to improve the competitiveness of EU financial markets by creating a single market for investment services and activities and to ensure a high degree of harmonized protection for investors in financial instruments.**

- **MiFID I**
  MiFID sets out:
  - conducts of business and organizational requirements for investment firms;
  - authorization requirements for regulated markets;
  - regulatory reporting to avoid market abuse;
  - trade transparency obligation for shares; and
  - rules on the admission of financial instruments to trading.

- **MiFID II and MiFIR**
  On 20 October 2011, the European Commission adopted a legislative proposal for the revision of MiFID which took the form of a ***revised Directive and new Regulation***. After more than two years of vigorous debate, the Directive on Markets in Financial Instruments repealing Directive 2004/39/EC and the Regulation on Markets in Financial Instruments, commonly referred to as MiFID II and MiFIR, were adopted by the European Parliament on 15 April 2014, by the Council of the European Union on 13 May 2014, published in the EU Official Journal on 12 June 2014.
- Building on the rules already in place, these new rules are designed to take into account developments in the trading environment since the implementation of MiFID in 2007 and, in light of the financial crisis, to improve the functioning of financial markets making them more efficient, resilient and transparent.

6. MiFID / MIFIR Scope and Timeline

Scope

- **Entities**: EU investment firms (including non-EU branches) and EU branches of non-EU investment firms when facing EU clients and providing investment services or activities
- **Counterparties:** EU domiciled counterparties. Non-EU counterparties may also be impacted when facing an EU investment firm or EU branch of non-EU entity
- **Products:**

	Rates	Credit	FX	Equities	Commodities	Other
IN SCOPE	• Interest Rate Derivatives • Sovereign bonds	• Convertible bonds • Corporate bonds • Covered bonds • CDS (Index, Bespoke) • CDS Options	• FX Forwards (incl. NDF) • FX Swaps • FX Options • FX Futures	• Shares • Depositary Receipts • ETFs • Certificates • Equity Derivatives	• Commodity Derivatives (cash or physically settled – except below) • Emission Allowances	• Structured Finance Products (SFP) e.g. MBS/ABS • CFDs • Spread betting • Repos
OUT OF SCOPE			• FX Spot		• Wholesale energy products, physically settled and traded on an OTF (organised trading facility) • Physically settled commodity derivatives for commercial purposes	• Loans

Timeline

Dec 2014	Proposed Technical Standards released for second consultation
Mar 2015	Second consultation period Ends**
Jun 2015	
Sep 2015	Regulatory * Technical Standards Submitted to European Council (for adoption)
Q4 2015	Delegated Acts are adopted By the European Council
Jan 2016	Implementing * Technical Standards Submitted to European Council (for adoption)
May 2016	ESMA to submit to EU Commission rules on Derivatives Trading Obligation
Jul 2016	Delegated Acts of MiFID2/R transposed into national law
Jan 2017	**MiFID 2/R Go Live** (all asset classes and all rules "big bang")

•Technical Standards from ESMA are split into "Regulatory" and "Implementing"

Source: Bank of America

6. MiFID II / MIFIR: High Level Summary & “to do for buy side”

Topic	High Level Summary	Suggested Buy-Side To Do List *
Unbundling of Research	It is proposed that the payment for research is separated from the payment for execution. Provision of research in a bundled fashion is considered to be an inducement to execution.	• Establish governance framework to manage research spending and assess research providers • Draft and publish a policy establishing procedures for budgets/allocation etc. • Tech/Ops changes to support the separate RPA (Research Payment Account) mechanism
Pre-Trade Transparency	The publication of quotes, under certain conditions, prior to trading. For public disclosure, quotes on products which are liquid, traded on a trading venue, and in size under the SSTI (FICC) / SMS (Equities) are included in scope.	• Broker short listing - use of SIs • Internal execution strategy • Technology infrastructure changes • Venue selection and management
Post-Trade Transparency	The publication of a short body of data relating to the trade as soon as technically possible (but no later than 15 mins for FICC initially). Some deferrals are available and limited waivers.	• Internal execution strategy • Technology infrastructure changes • Venue selection and management
Transaction Reporting	T+1 reporting of 65 fields of data covering buy/sell identification, trade economics and some specific data around investment decision maker, execution agent (human/algorithm). A flag around short sell indication is also required.	• Consider build requirements vs. other options that become available • Determine size of technology build plus reconciliations and exception management • Determine scope of reporting • When reporting on behalf of a natural person validate permissions required
Best Execution	Covering both FICC and Equities, there must be a clear Order Execution Policy (OEP) ensuring “all sufficient steps” to ensure best possible result. Extensive reporting of best ex to support monitoring.	• Update Order Execution Policy (OEP) • Governance framework • Monitoring framework • Technology / Operations impact
Microstructural Issues	Guidelines around governance, monitoring, testing of algorithmic trading. Clock synchronisation requirements, as well as co-location guidelines.	• Validate use of algorithmic strategies • Trading strategy review
Policies required under MiFID2/R	MiFID 2/R requires a number of specific policies to support a robust business process.	• Policies/Governance review (conflicts of interest, terms of business..) • Repapering requirements with brokers
Mandatory Clearing / Trading Obligation	Building on EMIR Clearing, there will be the requirement to execute specific shares/derivatives on a trading venue and to clear with a recognised CCP (where appropriate)	• With which CCPs/Venues will relationships be required? • Impact on execution cost/complexity
Commercial Policy	Availability of quotes during Pre-Trade Transparency regime is in line with a commercial policy which buckets clients using objective criteria (like counterparty risk, credit and settlement risk)	• How will commercial policy impact you? • Repapering requirements with brokers

* System designed for larger asset managers

Source: BofA

6. What is MiFID – from an Asset Management Perspective

MiFID II:

Markets & Competition:

- M1 Post Trade Transparency
- M2 Pre-Trade Transparency & Systematic Internalisation
- M3 Algo Trading & Direct Electronic Access
- M4 Market Making
- M5 Best Execution
- M6 Trading on RM, MTF & OTF
- M7 Commodity Derivatives Trading
- M8 Reporting of transactions
- M9 Further Markets & Competition topics

Investor Protection:

- I1 Recording of client conversations
- I2 Disclosure of inducements & costs
- I3 Ongoing suitability
- I4 Distribution and Sales Process
- I5 Discretionary Portfolio Management
- I6 Product Approval Process and Product Governance
- I7 Safeguarding of client assets
- I8 Further Investor Protection topics

Governance:

- G1 Remuneration policy
- G2 Appointment of tied agents
- G3 Governance requirements acc. to CRD IV
- G4 Conflicts of Interest Policy
- G5 Further Governance topics

MAD II:

- MA1 Monitoring of suspicious transactions
- MA2 Monitoring of suspicious orders
- MA3 Insider Dealing, Insider List & Market Sounding
- MA4 Directors' Dealings
- MA5 Buy-back programmes and stabilization
- MA6 Investment recommendations and statistics
- MA7 Further MAD II topics

PRIIPs:

- P1 Compilation of PRIIPs KID
- P2 Complaints handling
- P3 Responsibilities for sellers of PRIIPs-relevant financial instruments
- P4 Further PRIIPs topics

- Contains a range of investor protection areas (NO more dark pools, pricing, segregation of assets &info)

Source: Ernst & Young

6. MiFID II: Transparency Reporting Fields

No.	MiFID II Field	No.	MiFID II Field	No.	MiFID II Field
1	Reporting firm identification code	33	Decision maker for the counterparty - date of birth	63	Strike price
2	Submitting entity identification code	34	Decision maker for the counterparty - country of residence	64	Up-front payment
3	Branch of the reporting firm which received the order from the client	35	Decision maker for the counterparty - post code or ZIP code	65	Delivery type
4	Branch of the reporting firm whose trader executed the transaction	36	Decision maker for the counterparty - detailed address	66	Option style (exercise)
5	Branch of the reporting firm whose market membership was used for executing the transaction(*)	37	Client identification code type	67	Maturity date
6	Trading day	38	Client identification code	68	Early termination date
7	Trading time	39	Missing Information in ESMA text	69	Trader (investment decision) - identification code type
8	Buy/Sell indicator	40	Client - first name	70	Trader (investment decision) - identification code
9	Trading capacity	41	Client – surname 1	71	Trader (investment decision) - first name
10	Quantity	42	Client – surname2	72	Trader (investment decision) – surname 1
11	Quantity Notation	43	Client - date of birth	73	Trader (investment decision) – surname 2
12	Price	44	Client - country of residence	74	Trader (execution) -identification code type
13	Price notation	45	Client - post code or ZIP code	75	Trader (execution) -identification code
14	Currency 1	46	Client - detailed address	76	Trader (execution) first name
15	Currency 2	47	Decision maker for the client (where different from the client) identification code type	77	Trader (execution) – surname 1
16	Price multiplier			78	Trader (execution) – surname 2
17	Consideration	48	Decision maker for the client (where different from the client) identification code	79	Algorithm (investment decision) - identification code
18	Venue of execution			80	Algorithm (execution) -identification code
19	Counterparty identification code type	49	Decision maker for the client - first name	81	Short selling flag
20	Counterparty identification code	50	Decision maker for the client – surname 1	82	SSR exemption flag
21	Counterparty - first name	51	Decision maker for the client – surname 2	83	Waiver flag
22	Counterparty - surname 1	52	Decision maker for the client date of birth	84	OTC post trade identifier flag
23	Counterparty – surname 2	53	Decision maker for the client - country of residence	85	Commodity derivative flag
24	Counterparty - date of birth	54	Decision maker for the client - post code or ZIP code	86	Compression
25	Counterparty - country of residence	55	Post code or ZIP code in a standardised format.	87	Option exercise
26	Counterparty -post code or ZIP code	56	Instrument identification code type	88	Repo flag
27	Counterparty - detailed address	57	Instrument identification code	89	Order(s) sent to third party
28	Decision maker for the counterparty (where different from counterparty) -identification code type	58	Instrument classification type	90	Order transmitter
29	Decision maker for the counterparty (where different from counterparty) -identification code	59	Instrument classification	91	Report Matching Number
30	Decision maker for the counterparty - first name	60	Ultimate underlying instrument identification code type	92	Transaction reference number
31	Decision maker for the counterparty – surname 1	61	Ultimate underlying instrument code	93	Report status
32	Decision maker for the counterparty – surname 2	62	Put/call identifier		

What will happen with this data ???

Source: Ernst & Young

6. Regulatory Uncertainty: Delay in MiFID II

EU lawmakers approve delaying MiFID II market rule by 1 year

By Bloomberg | April 7, 2016 3:43 pm | Updated 3:46 pm

European Union lawmakers agreed to delay the overhaul of Europe-wide market rules known as MiFID II by a year.

European Commission extends MiFID II deadline by 1 year
Moody's: MiFID II proposals are credit negative for bond managers
MiFID II proposals would bring equity trading rules to other asset classes
Experts see trouble ahead from MiFID II

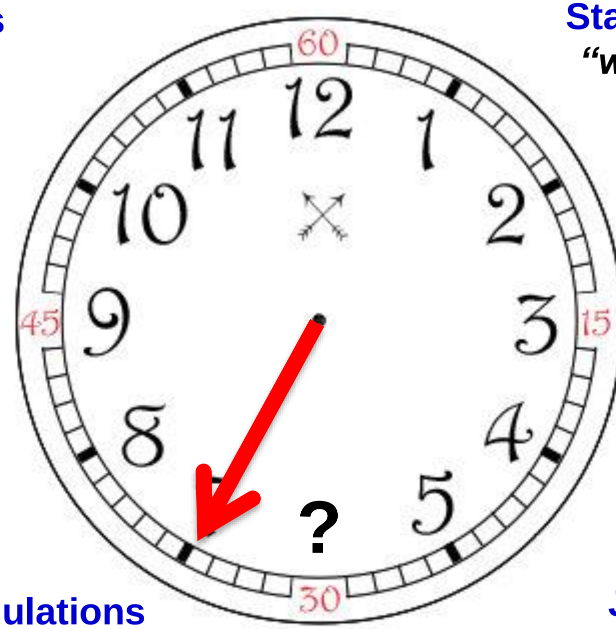
In a vote Thursday in Brussels, the European Parliament adopted the European Commission's proposal to postpone the start date for MiFID II, the complex law that affects nearly every financial firm operating in the 28-nation bloc, by a year to 2018 and solidified a position on "targeted amendments" that should be made, including exemptions on certain securities financing transactions in the law.

"We welcome the delay but realize the need for further changes," said Markus Ferber, the lead lawmaker handling the rules. "On the legislative level, we need adjustments to smooth out implementation problems."

The commission originally asked for the delay to allow firms to build data reporting systems. Lawmakers used the session to encourage the commission to adopt the technical measures needed for MiFID II to work as soon as possible, taking into account the assembly's concerns.

Lawmakers have been impatient with the pace of work on the market rules overhaul and continued to warn the commission to speed up or risk derailing the schedule for implementation.

"In Parliament, we have said that our agreement to delay MiFID depends on the commission taking on board all our concerns," said Neena Gill, a European lawmaker from the U.K.'s Labour Party. Sven Giegold, a Green MEP from Germany, said,
"There is a risk for further delays if this is not taken seriously."



Standards & Rules
"who is affected"

Markets
"where are rates?"

Economy
"where do we stand?"

Fines
"the bill"

Justice
"who really paid"

Rules
"who can understand"

Cost of Regulations
"impact assessment"

Competition
"who can participate"

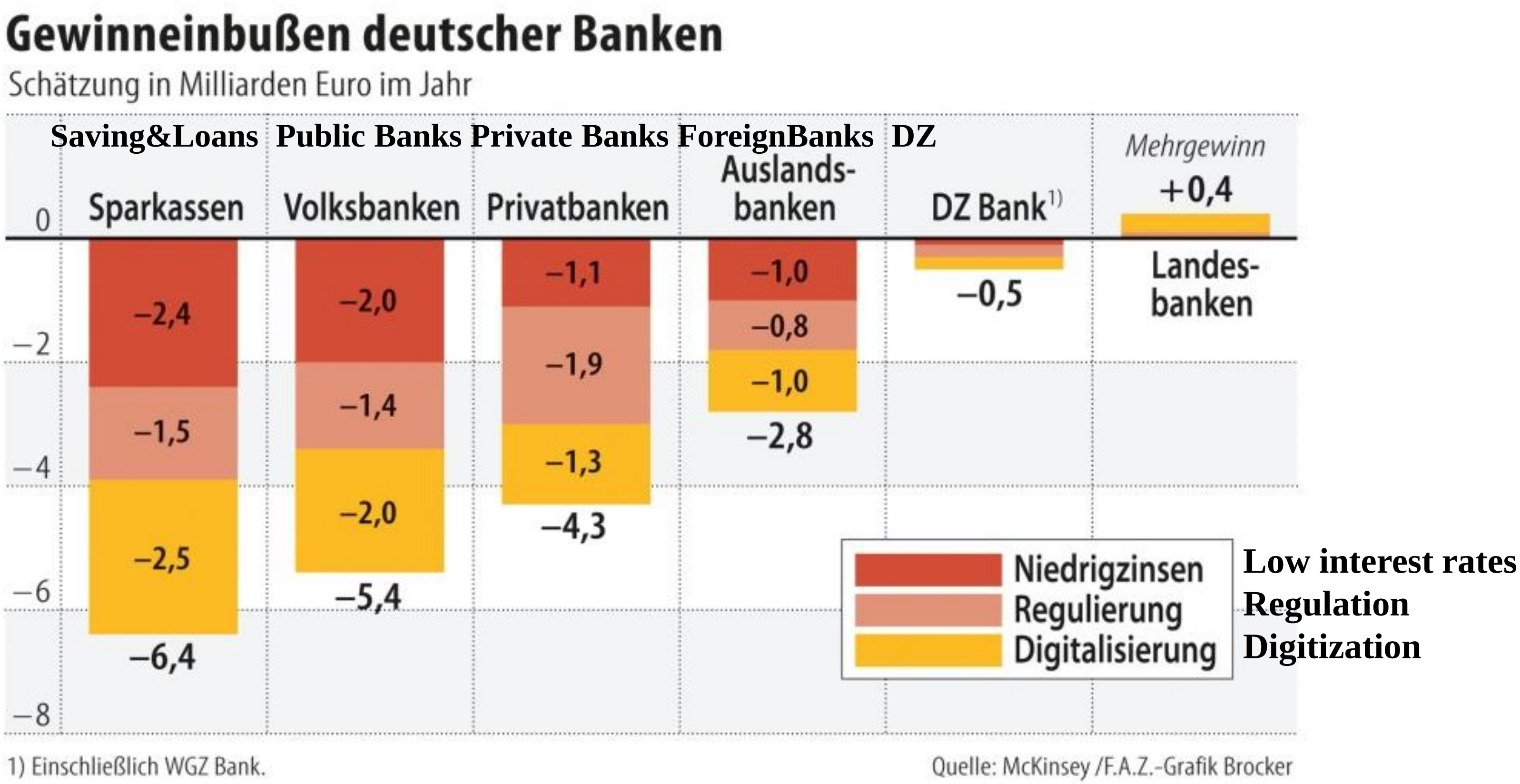
Impacts
"we maybe know but…"

Actions
"Rx - who prescribes - the medicine"

Conclusions
"….."

7. Cost of Regulations

Profit reductions in the German Banking sector, due to:



- Financial Institutions serving the masses/SMEs seem to take the biggest impact
- Retail banking IS expensive to operate

7. Cost of Regulations on typical European Economy

Practioners' View & Facts "Regulatory Madness"

- ***Every law and regulation has its PRICE !***
  (M. Ruhl, President Economiesuisse)

- Regulatory Cost amount to a provable approx. ***<u>10% of Gross Domestic Product !</u>***

- Unneeded Regulations ought to be reduced and Government should be made more efficient. It has been my impression, that regulatory madness has increased during the last few years.
  (H.U.Bigler, Head of Swiss Economic Association, former Head of Swissmem)

- Austria:, Financial Markets Supervision: increase in volume from 660 to 4,478 pages, 374 staff

«Jedes Gesetz hat ein Preisschild.»

Sie stehen an der Spitze mächtiger Verbände: Monika Rühl, Vorsitzende der Geschäftsleitung von Economiesuisse, und Hans-Ulrich Bigler, Direktor Schweizerischer Gewerbeverband. Im Interview sprechen sie über wirtschaftliche Rahmenbedingungen, Regulierungswut und das Verhältnis zu Europa.
Interview: Adrian Sulzer

Setzen sich gemeinsam für eine wirtschaftsfreundliche Schweiz ein: Monika Rühl von Economiesuisse und Hans-Ulrich Bigler vom Schweizerischen Gewerbeverband

Bigler: Die Hoffnung stirbt zuletzt (lacht). Die Regulierungskosten betragen nachweislich rund 10 Prozent des Bruttoinlandprodukts. Natürlich gibt es sinnvolle Regulierungen, wie etwa zur Arbeitssicherheit. Darüber beklagt sich niemand. Es muss aber gelingen, unnötige Regulierungen abzubauen und das Staatswesen effizienter zu machen. Ich habe den Eindruck, die Regulierungswut hat in den letzten Jahren zugenommen.

Source: Zurich University Applied Sciences/2015

Austria's Leading Companies
20.05.2016, 06:46 von Günter Fritz

Die Opfer der Regulierungswut

Günter Fritz / Bild: WB/Alexandra Eizinger

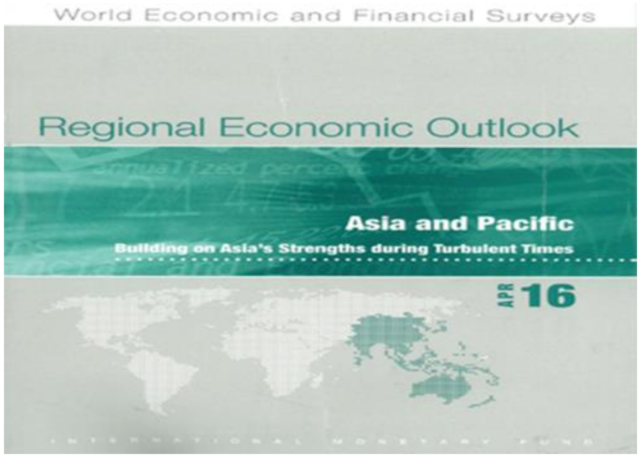
Der Jahresbericht, den die Finanzmarktaufsicht (FMA) gestern präsentiert hat, zeigt wieder einmal auf, dass Österreichs Unternehmen nicht ohne Grund über die ausufernde Regulierungswut stöhnen.

Im Fall der Banken und anderer Finanzinstitute kann das jetzt schwarz auf weiß nachgelesen werden: In den vergangenen zehn Jahren hat der Umfang der Gesetze, auf die sich die FMA bei ihrer Tätigkeit stützt, von 660 auf 4478 Seiten zugelegt. Das ist eine Steigerung um sage und schreibe 579 Prozent! Parallel dazu hat die staatliche Aufsichtsbehörde logischerweise immer mehr zu tun und neben den Banken etwa die Überprüfung von Mitarbeiter- und Betrieblichen Vorsorgekassen, Kapitalmarktprospekten oder Alternativen Investmentfonds dazubekommen. Auch den Kampf gegen die Geldwäsche, die Bankenabwicklung oder Einlagensicherungssysteme hat sie überantwortet bekommen. Die FMA ist so immer größer geworden und umfasst mittlerweile 374 zum Großteil hoch qualifizierte Mitarbeiter und -innen. Das hat auch die Kosten in die Höhe getrieben: Zum Budget der Aufsichtsbehörde von zuletzt 61,3 Millionen € tragen pikanterweise 53,8 Millionen die Beaufsichtigten bei – und davon wieder 54 Prozent die Banken. Womit wir wieder beim Ausgangspunkt wären: Die zahllosen Auflagen und Vorgaben, deren Ende nicht abzusehen ist, sind für die Betroffenen nicht nur teuer, sie binden auch enorme Kapazitäten und verursachen dadurch weitere Kosten.

Und das gilt nicht nur für Banken oder Versicherungen, sondern für Unternehmen allgemein – egal, wie groß sie sind oder welcher Branche sie angehören. Ob ein Konditor, der wegen eines angeblichen Verstoßes gegen die Allergenverordnung 10.000 € Strafe zahlen muss, oder die ÖBB, die sich seit Jahrzehnten mit zahllosen Auflagen und Einsprüchen beim Bau des Semmering-Basistunnels herumschlagen müssen – es gibt in Österreich längst so viele Opfer der Bürokratie, dass man an jeder Ecke ein Denkmal für sie errichten könnte.

Es ist gut und richtig, dass auf den Schutz der Verbraucher und die Einhaltung von Gesetzen geachtet wird; doch leider hat sich immer mehr der Eindruck verfestigt, dass Bürokratie zum Selbstzweck geworden ist. Das muss endlich ein Ende haben – und ist auch eine Botschaft an den neuen Regierungschef, der ja Erfahrung mit dem Thema hat.
guenter.fritz@wirtschaftsblatt.at

7. IMF: What do they say on ‘emerging markets’ regulatory impact?



Small states also face the challenge of further derisking by global banks, which could undermine financial inclusion and growth, particularly through remittances.[6] Global banks are cutting off correspondent bank relationships (with local banks and money transfer operators) because of difficulties managing anti–money laundering and combating the financing of terrorism (AML/CFT) risk. Relationships with correspondent banks are becoming more difficult (Bhutan, Maldives, Marshall Islands, Samoa, and Vanuatu), and in some cases money transfers are becoming more costly and complex (Maldives, Samoa, and Vanuatu). Remittances are also becoming more costly (Samoa and Tonga).

[6]Derisking by global banks covers a variety of phenomena, ranging from wholesale reduction in financial services, an unintended consequence of regulatory efforts or business decisions, to a risk-based implementation of international standards (for example, correspondent bank relationship terminated owing to weak controls for anti–money laundering and combating the financing of terrorism in the respondent bank).

What factors are weighing on Asia’s outlook?

- Weakening global recovery and slowing trade
- Tighter global financial conditions
- China rebalancing
- Domestic factors

International Monetary Fund | April 2016 21

7. ‘Emerging markets’ regulatory impact

Some Facts

- More than **230 million people** were living outside their country of birth in 2013, and many of them sent money home. Migrant workers worldwide sent home $526 billion in 2012, according to World Bank estimates.

- *Developing countries received $401 billion* of those $526 billion of migrant remittances in 2012, according to the World Bank. By 2016, that number is expected to cross the $700 billion mark.

- For small and poor countries like Tajikistan and the Kyrgyz Republic, these migrant remittances are one of the major driving forces behind their economies., forming more than half Tajikistan's GDP in 2012, and about a third in the Kyrgyz Republic.

- For some economies, remittances play another very important role - access to foreign exchange. In Pakistan, Bangladesh, Nepal and Sri Lanka, money received in remittances are larger than national foreign exchange reserves, according to the World Bank.

These migrant workers, particularly in Asia, are ‘collateral damage’ in the “new global financial regulatory regime”

- Paying higher fees on their paltry salaries if they still can use official banking channels
- Using rapidly growing non-regulated systems, incl. Fintech
- Leading to rapid growth of ‘non-bank-banks’ (even in some EU-countries)

Conclusions
“…..”

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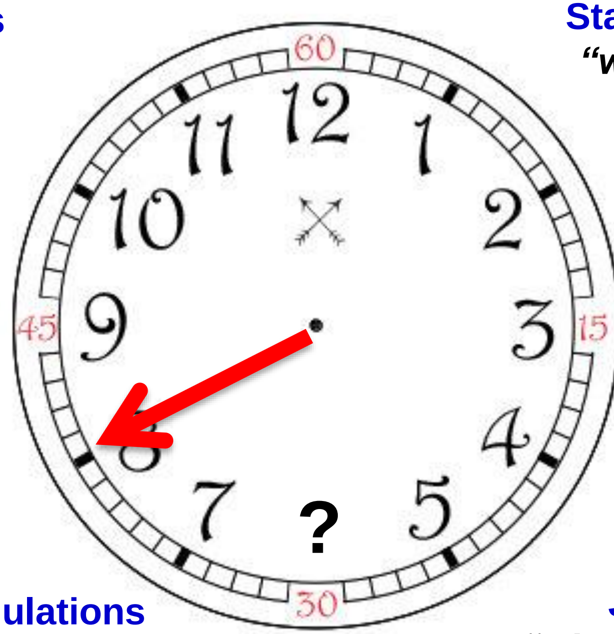

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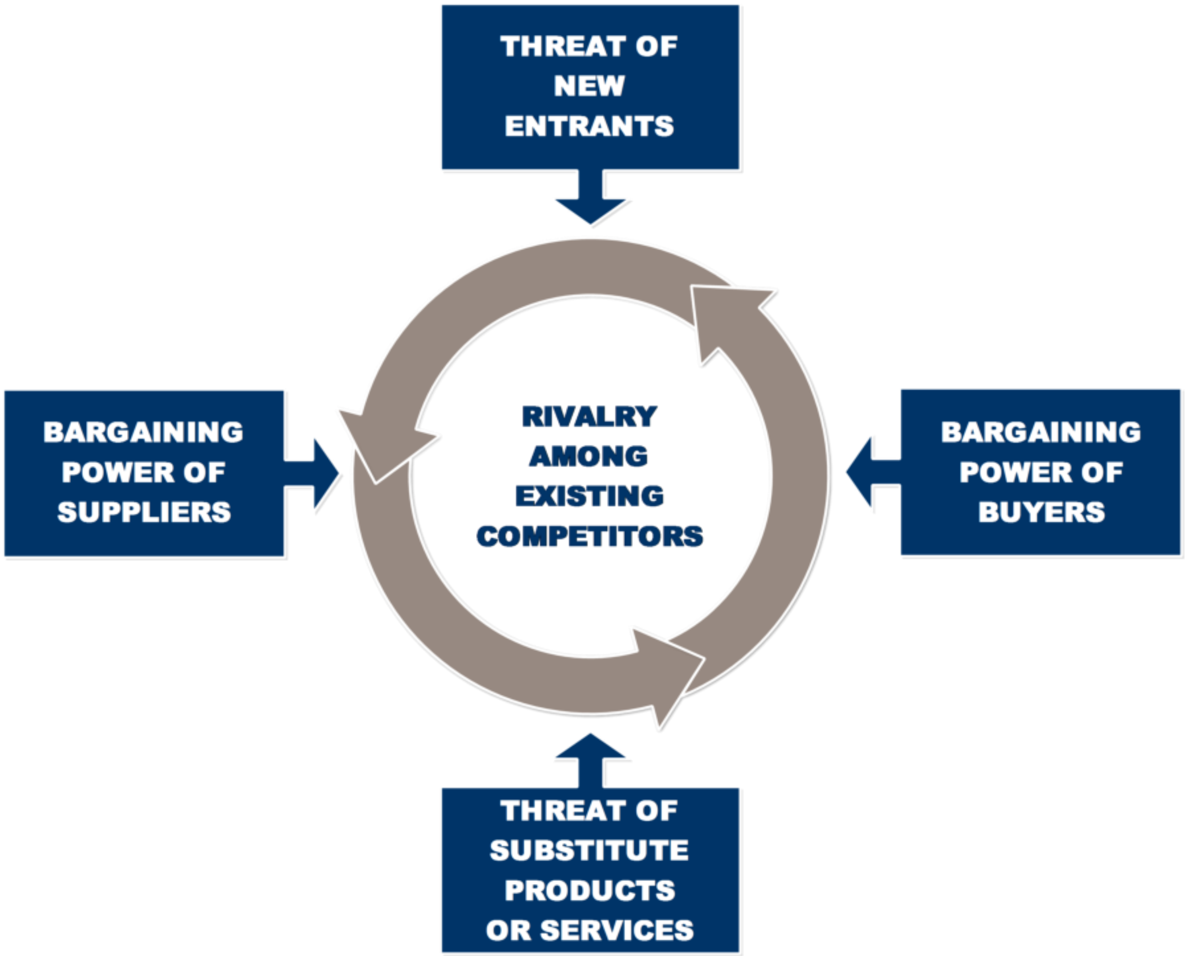
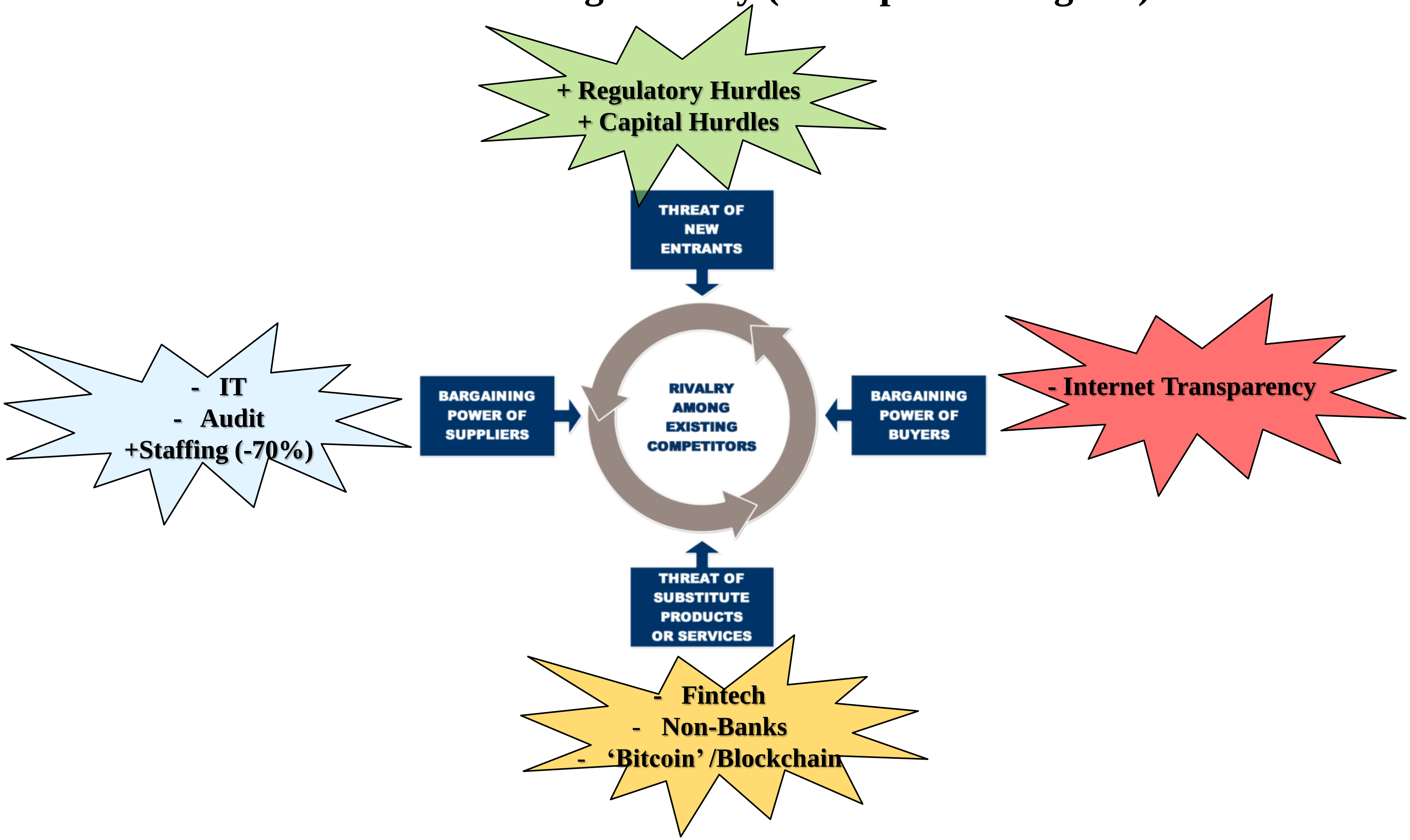
8. Competitive Issues for Banks & Financial Industry



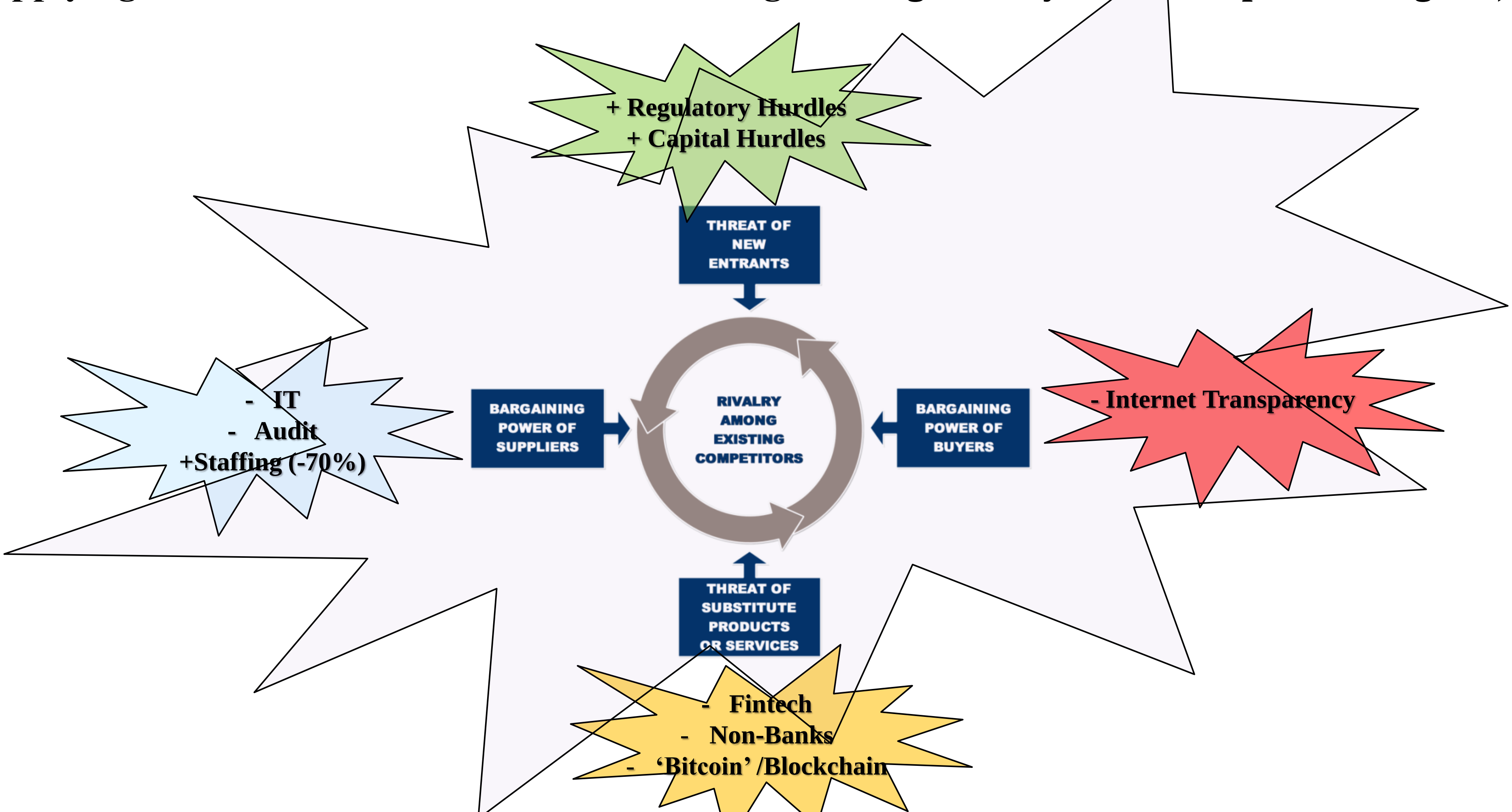
8. Competitive Issues: Banks are challenged from ALL sides

'Porter' "five forces model " for banking industry (+/- impact for big FIs)



8. Competitive Issues: Banks are challenged from ALL sides

‘Applying new models based on Artificial Intelligence-cognitive systems /- impact for big FIs)



★ AI-will bring Financial Industry into completely uncharted territory with substitute systems and products “KPMG seminar 5/2016” – (within 5- 10 years)

8. Competitive Aspects of Regulations

- **Applying the '*old*' 'Porter's Five Forces Model'**

  - Regulation can be used as a (even national) strategic competition tool and generally lays the groundwork to monopolization in the marketplace
  - those with already significant economic scales are supposed to benefit the most (regulatory cost can be spread, barriers of entry be created)
  - dangerous trend (i.e. car industry dominated by 5 nations > , will banks follow ?
  - HOW can, e.g. Portugese, Polish or Finnish banks compete against French/German/Italian giants and their banking products and service platforms ?

- **Applying NEW drivers (Artificial Intelligence, AI) = BIG threat to biz models**

  - ***DATA is THE new value*** > BIG financial industry players will get invaluable client data from applying regulatory imposed processes (and so will the government)
  - ***Fintech and particularly AI cognitive will be of bigger impact*** *and draw Financial industry into completely uncharted territory*

★ As regulators are more *reactive than proactive*, FI's which are *ahead* of the regulatory developments potentially can outflank large parts of regulations, potentially, laying ground for next, totally different type of crisis !

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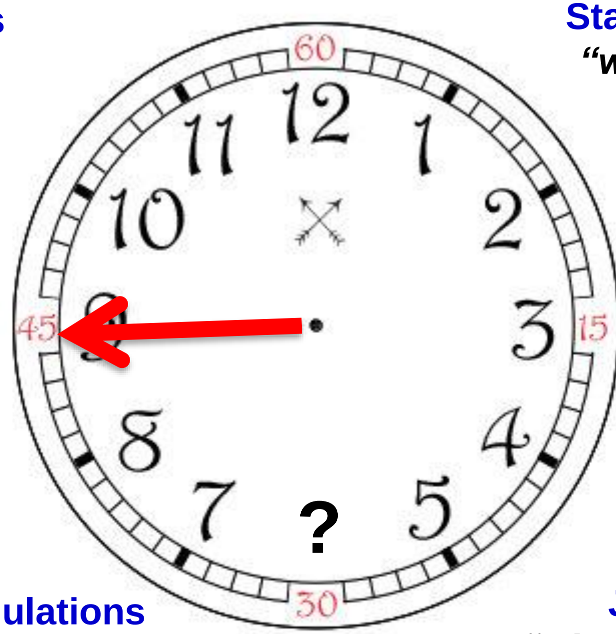

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9. Impacts

CEO's view on top threats (Wall Street Journal 31. May, 2016)

What CEO's see as the top threats to their business growth, according to a survey of 1,322 CEOs in 77 countries

77% Overregulation
73% Availability of key skills
72% National deficits/debt burdens
72% Geopolitical uncertainty
70% Increasing Tax burden
61% Cyber-threats

★ Regulation viewed as MAJOR threat ! ***Was THAT the intent ???***

9. Banking Policy Impacts on SME's (Prof. J. Stiglitz)

Joseph E. Stiglitz:What's wrong with negative rates?

NEW YORK - I wrote at the beginning of January that economic conditions this year were set to be as weak as in 2015, which was the worst year since the global financial crisis erupted in 2008. And, as has happened repeatedly over the last decade, a few months into the year, others' more optimistic forecasts are being revised downward.

The underlying problem - which has plagued the global economy since the crisis, but has worsened slightly - is lack of global aggregate demand. Now, in response, the European Central Bank (ECB) has stepped up its stimulus, joining the Bank of Japan and a couple of other central banks in showing that the "zero lower bound" - the inability of interest rates to become negative - is a boundary only in the imagination of conventional economists.

And yet, in none of the economies attempting the unorthodox experiment of negative interest rates has there been a return to growth and full employment. In some cases, the outcome has been unexpected: Some lending rates have actually increased.

It should have been apparent that most central banks' pre-crisis models - both the formal models and the mental models that guide policymakers' thinking - were badly wrong. None predicted the crisis; and in very few of these economies has a semblance of full employment been restored. The ECB famously raised interest rates twice in 2011, just as the euro crisis was worsening and unemployment was increasing to double-digit levels, bringing deflation ever closer.

They continued to use the old discredited models, perhaps slightly modified. In these models, the interest rate is the key policy tool, to be dialed up and down to ensure good economic performance. If a positive interest rate doesn't suffice, then a negative interest rate should do the trick. It hasn't.

In many economies - including Europe and the United States - real (inflation-adjusted) interest rates have been negative, sometimes as much as -2%. And yet, as real interest rates have fallen, business investment has stagnated. According to the OECD, the percentage of GDP invested in a category that is mostly plant and equipment has fallen in both Europe and the US in recent years. (In the US, it fell from 8.4% in 2000 to 6.8% in 2014; in the EU, it fell from 7.5% to 5.7% over the same period.) Other data provide a similar picture.

Clearly, the idea that large corporations precisely calculate the interest rate at which they are willing to undertake investment - and that they would be willing to undertake a large number of projects if only interest rates were lowered by another 25 basis points - is absurd. More realistically, large corporations are sitting on hundreds of billions of dollars - indeed, trillions if aggregated across the advanced economies - because they already have too much capacity. Why build more simply because the interest rate has moved down a little? The small and medium-size enterprises (SMEs) that are willing to borrow couldn't get access to credit before the ECB went negative, and they can't now.

Simply put, most firms - and especially SMEs - can't borrow easily at the T-bill rate. They don't borrow on capital markets. They borrow from banks. And there is a large difference (spread) between the interest rates the banks set and the T-bill rate. Moreover, banks ration. They may refuse to lend to some firms. In other cases, they demand collateral (often real estate).

It may come as a shock to non-economists, but banks play no role in the standard economic model that monetary policymakers have used for the last couple of decades. Of course, if there were no banks, there would be no central banks, either; but cognitive dissonance has seldom shaken central bankers' confidence in their models. The fact is that the eurozone' s structure and the ECB's policies have ensured that banks in the underperforming countries, and especially in the crisis countries, are very weak. Deposits have left, and the austerity policies demanded by Germany are prolonging the aggregate-demand shortfall and sustaining high unemployment. In these circumstances, lending is risky, and banks have neither the appetite nor ability to lend, particularly to SMEs (which typically generate the highest number of jobs). A decrease in the real interest rate - that on government bonds - to -3% or even -4% will make little or no difference. Negative interest rates hurt banks' balance sheets, with the "wealth effect" on banks overwhelming the small increase in incentives to lend. Unless policymakers are careful, lending rates could increase and credit availability decline. There are three further problems. First, low interest rates encourage firms to invest in more capital-intensive technologies, resulting in demand for labor falling in the longer term, even as unemployment declines in the short term. Second, older people who depend on interest income, hurt further, cut their consumption more deeply than those who benefit - rich owners of equity - increase theirs, undermining aggregate demand today. Third, the perhaps irrational but widely documented search for yield implies that many investors will shift their portfolios toward riskier assets, exposing the economy to greater financial instability.

What central banks should be doing is focusing on the flow of credit, which means restoring and maintaining local banks' ability and willingness to lend to SMEs. Instead, throughout the world, central banks have focused on the systemically significant banks, the financial institutions whose excessive risk taking and abusive practices caused the 2008 crisis. But a large number of small banks in the aggregate are systemically significant - especially if one is concerned about restoring investment, employment, and growth.

The big lesson from all of this is captured by the familiar adage, "garbage in, garbage out." If central banks continue to use the wrong models, they will continue to do the wrong thing.

Of course, even in the best of circumstances, monetary policy's ability to restore a slumping economy to full employment may be limited

But relying on the wrong model prevents central bankers from contributing what they can - and may even make a bad situation worse.

9. Banking Policy Impacts on SME's (Politicians on "Dodd-Frank…")

Politics Wed May 18, 2016, Election 2016, Politics
Republican presidential candidate Donald Trump said on Tuesday that sweeping financial reforms put in place under President Barack Obama were harming the economy and he would dismantle nearly all of them.
Trump told Reuters in an interview that he would release a plan in about two weeks for overhauling the 2010 financial regulatory law known as Dodd-Frank.

"Dodd-Frank has made it impossible for bankers to function," the presumptive Republican nominee said. "It makes it very hard for bankers to loan money for people to create jobs, for people with businesses to create jobs. And that has to stop."

Pressed on the extent of the changes he wanted to make, Trump said, "it will be close to dismantling of Dodd-Frank." Reacting on Twitter to Trump's comment, Democratic presidential front-runner Hillary Clinton called it a "reckless idea" that would "leave middle-class families out to dry."
Dodd-Frank, passed in the aftermath of the 2007-2009 financial crisis, forced U.S. banks to reduce their reliance on debt for funding and to craft "living wills," or blueprints for winding them down in a crisis. The law created a new agency, the Consumer Financial Protection Bureau, to oversee consumer financial products such as mortgages and gave regulators new powers over large non-bank financial companies.
Republicans in Congress have pushed **to ease the requirements on small- and medium-sized banks and to make it more difficult for regulators to introduce new rules**. They have also argued for getting rid of the consumer financial protection agency. Banks and other financial firms have spent six years and millions of dollars adjusting their operations to comply with the law. Bank lobbyists have generally pushed for changes to make complying easier, rather than a wholesale rewrite. "Every law can be improved, and Dodd-Frank is no exception. Sometimes there are drafting errors. Sometimes a good idea in theory turns out to be unworkable after a closer look in the light of day," said John Hall, a spokesman for the American Bankers Association.
Alison Hawkins, a spokesman for the Financial Services Roundtable, a Washington-based financial industry trade group, said the group wanted to know more about Trump's plan, and added "some fixes to Dodd-Frank will benefit consumers and the economy." On Capitol Hill, Republican Representative Jeb Hensarling, the chairman of the House Financial Services Committee, plans to release his own financial regulation plan in the coming weeks, according to his spokeswoman, Sarah Rozier. "Mr. Trump is right, Dodd-Frank isn't working," Rozier said. She added that Hensarling, who has endorsed Trump, has not discussed his plan with any of the presidential candidates.
But Dennis Kelleher of Better Markets, a group that favors tighter regulation of Wall Street, said Trump's plan would be "a slap in the face to the American people who have suffered so much from the 2008 crash." Trump declined to offer specifics on his plan, but said it would address whether institutions should separate commercial banking activities from investment banking. He said even under the new plan, the banking system would not be perfect.
"Will there be bad loans made? Yes. But there are bad loans made now with Dodd-Frank," Trump said. Trump was reluctant to discuss specifics on his ideas for the economy before his upcoming speech, but he praised Federal Reserve Chairman Janet Yellen, saying he approved of her decision to keep interest rates low. Trump has said in the past he would replace Yellen once her term as Fed chair ended.

"I'm not a person that thinks Janet Yellen is doing a bad job," he told Reuters. "I would rather have a Republican in the position but I am not the enemy of Janet Yellen."

9. On Productivity Growth

Productivity Growth is single MOST IMPORTANT FACTOR in the economy

Former Fed Governors‘s Meeting on April 7, 2016, Allen Greenspan

„I think the major problem that exists is actually the issue that productivity growth over pretty much the spectrum of all economies has been under 1% p.a. for the last 5 years; this is true in the OECD, it is true in the US; I think the major problem

we have no major advance... companies are not investing.... (but rather buying back their shares...)

economic growth = productivity growth & population growth

9. “Regulatory growth - productivity growth” *LINK* impact established

OECD, Economics Department; Paris;

2003 paper

World Bank, Human Development Network, Washington DC

Abstract:

In this paper, we look at differences in the scope and depth of pro-competitive regulatory reforms and privatisation policies as a possible source of cross-country dispersion in growth outcomes. The paper suggests that, despite extensive liberalisation and privatisation in the OECD area, the cross-country variation of regulatory settings has increased in recent years, lining up with the increasing dispersion in growth. We then investigate empirically the regulation-growth linkage using data that cover a large set of manufacturing and service industries in OECD countries over the past two decades and focusing on multifactor productivity (MFP), which plays a crucial role in GDP growth and accounts for a significant share of its cross-country variance. Regressing MFP on both economy-wide indicators of regulation and privatisation and industry-level indicators of entry liberalisation, we find evidence that reforms promoting private governance and competition (where these are viable) tend to boost productivity. In manufacturing the gains to be expected from lower entry barriers are greater the further a given country is from the technology leader. Thus, regulation limiting entry may hinder the adoption of existing technologies, possibly by reducing competitive pressures, technology spillovers, or the entry of new high-tech firms. At the same time, both privatisation and entry liberalisation are estimated to have a positive impact on productivity in all sectors. These results offer an interpretation to the observed recent differences in growth patterns across OECD countries, in particular between large Continental European economies and the United States. Strict product market regulations—and lack of regulatory reforms—are likely to underlie the relatively poorer productivity performance of some European countries, especially in those industries where Europe has accumulated a technology gap (e.g. ICT-related industries). These results also offer useful insights for non-OECD countries. In particular, they point to the potential benefits of regulatory reforms and privatisation, especially in those countries with large technology gaps and strict regulatory settings that curb incentives to adopt new technologies.

Conclusions
"….."

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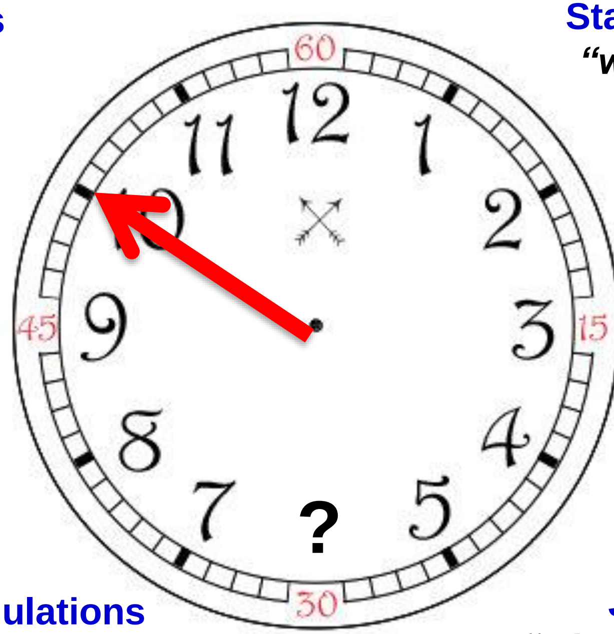

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10. Economic Outlook as per G7 (last week in Japan)

	2016 growth forecasts			2009 growth forecasts		
	slow **Apr 2015**	slower **Oct 2015**	slower **Apr 2016**	**Jan 2008**	**Apr 2008**	**Actual**
World	3.8	3.6	3.2	4.4	3.8	-0.1
Advanced economies	2.4	2.2	1.9	2.1	1.3	-3.4
US	3.1	2.8	2.4	1.8	0.6	-2.8
Germany	1.7	1.6	1.5	1.7	1	-5.6
France	1.5	1.5	1.1	2.2	1.2	-2.9
Japan	1.2	1	0.5	1.7	1.5	-5.5
UK	2.3	2.2	1.9	2.4	1.6	-4.2
Developing economies	4.7	4.5	4.1	7	6.6	3

Source: Abe presentation to G7, based on IMF data

10. Rx: Prescribed by World Leaders

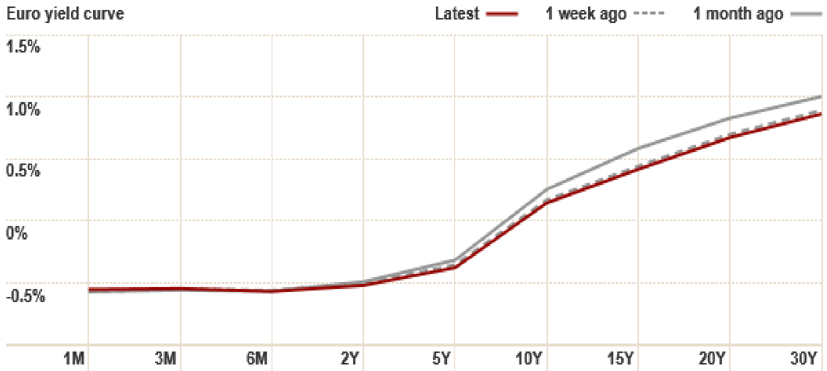
G-7 Statement and Pledge, May 27, 2016

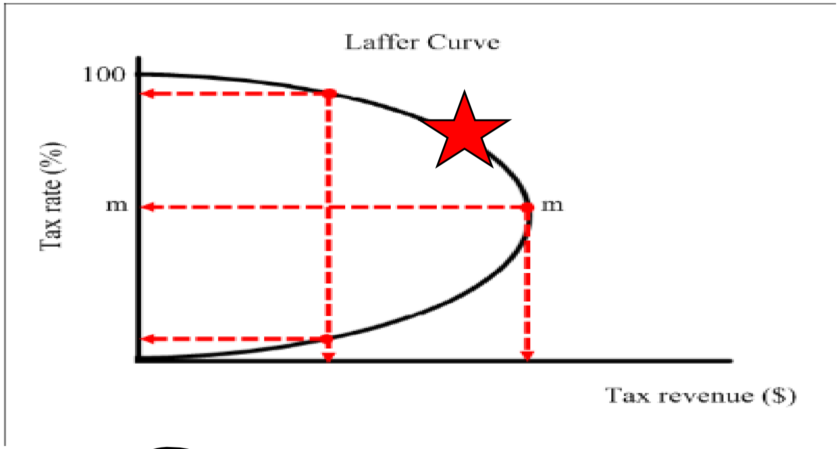
"We reiterate our commitments to using all policy tools"

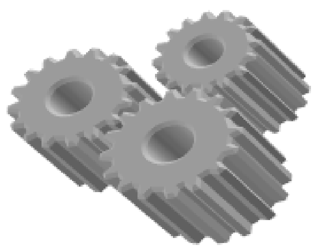
- **Monetary**
- **Fiscal, &**
- **Structural – individually and collectively,**

-to strengthen global demand
-to put debt on a sustainable path
-to strengthen growth, job creation….
and confidence…"

10. Rx: likely effectiveness and OPTIONS







- **Monetary Policy:**

  "already on full dosage for BIG-co's;
  "maxed out"

  "> distorted capital / credit markets"

- **Fiscal Policy: "maxed out"**

  ">unless massively higher deficits & debt

- **Structural reforms of:**
  Government & *Deregulation*

  virtually ONLY alternative left –
  but politically difficult !

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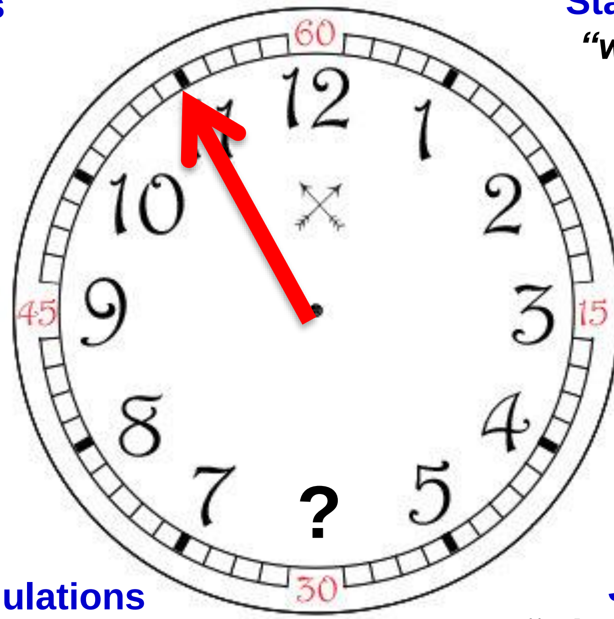

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11. Conclusions

- SMEs form the backbone of the economy
- Regulatory ‚madness‘ across all business activities not just banking continues
- Banking losses and fines eventually paid by the public – (NOT the rich) !
- Enormous regulations in Financial Sector likely can only be managed by large banks and eventually might be ‚outrun‘ by new technologies which in itself creates new risks
- Banking system run by „fear“ (fines), regulatory avalanche > partially disfunctional for many if not most economic participants
- Regulatory constraints *impact most severly the weakest members* in the ‚value chain‘ – particularly also emerging markets
- Cost of regulation almost ‚prohibited topic‘!
- Lack of global economic growth and productivity growth (key to solving debt problem!)
- **Thus, the <u>cost of regulation</u> is anemic economic growth in the world , which will have major ramifications**

11.55 …the future Role of the Independent Financial Advisor…

- Guide in the newly evolving financial landscape
- Add more of a Human touch
- Empathy !

CONVENTION OF INDEPENDENT FINANCIAL ADVISORS

A Non-Profit Foundation

A Non-Governmental Organization in general consultative status with the Economic and Social Council of the United Nations

Hermes Partners International

beyond wealth

Special Situations Advisors

Merci beaucoup !

15. May 2016, Source Frankfurter Allgemeine Zeitung

USA: Land of unlimited Tax Tricks

Mit brutaler Entschlossenheit haben die Vereinigten Staaten andere Länder dazu gebracht, Steueroasen auszutrocknen. Die eigenen aber verschonen die Amerikaner. Ist das alles ein abgekartetes Spiel? Hören Sie das gigantische Sauggeräusch?“, fragt Peter Cotorceanu. „Es ist das Geräusch des Geldes, das nach Amerika strömt.“ Zu vernehmen sei es an den diskreten Finanzplätzen, sagt der Anwalt für internationales Steuerrecht. Die Quellen des Geldes seien die Schweiz, Singapur oder Hongkong. Von dort fließe das Geld dorthin, wo es sich vor Nachstellungen am sichersten fühlen kann: in die Vereinigten Staaten. Und irgendwo in der Schweiz dürfte gerade ein geschasster Banker sitzen, der grimmig lachen muss über diesen Treppenwitz. Denn die Vereinigten Staaten haben das Schweizer Bankgeheimnis zerstört und die Bankgeheimnisse der meisten anderen Länder gleich mit. Sie zwangen Finanzinstitute in aller Welt, die Kontodaten der amerikanischen Klienten preiszugeben mit dem hehren Ziel, die Steuerehrlichkeit herzustellen.

Nur Amerika entzieht sich der Regulierung

Jetzt findet das aufgescheuchte Kapital seinen sicheren Unterschlupf ausgerechnet in Amerika. Die Vereinigten Staaten sind heute der beste Platz der Welt, um sein Vermögen zu verbergen. Das war nicht so geplant, auch nicht von den Amerikanern, glaubt zumindest Cotorceanu, der Steueranwalt mit Zulassungen in der Schweiz und den Vereinigten Staaten. Aber so ist es gekommen. Amerika ist allerdings nicht plötzlich zum Steuerparadies geworden, es war schon länger eines. Nur kristallisiert sich diese Eigenart des Landes jetzt mit greller Klarheit heraus, weil so viele Länder, deren Geschäfte auf Geheimnistuerei beruhten, heute transparenter geworden sind. Zuletzt hat ausgerechnet Panama erklärt, sich an internationale Transparenzregeln halten zu wollen. Die Organisation für wirtschaftliche Zusammenarbeit und Entwicklung (OECD) koordiniert die Bemühungen der internationalen Staatengemeinschaft, Geldwäsche, Steuerflucht und Korruption auszurotten. Sie schickt gerade eine Jubelmeldung nach der anderen heraus. Zuletzt kam die Mitteilung, dass neben Panama sich nun auch Nauru, der Libanon, Vanuatu und Bahrein dem internationalen Standard zum automatischen jährlichen Austausch von Kontodaten mit anderen Ländern beugen. Damit sind jetzt 101 Länder dabei. Amerika ist es nicht. Die OECD zögert trotzdem, dem Land den Stempel Steueroase aufzudrücken: weil der Fiskus wirklich „tough“ sei, auf Anfrage durchaus Daten preisgebe und Banken zwingen wolle, die wahren Eigentümer von Briefkastenfirmen-Konten zu verraten, sagt der OECD-Steuerexperte Pascal Saint-Amans.

Auf einer Linie mit Eritrea

Dazu kommt, dass gerade die Vereinigten Staaten der Weltöffentlichkeit gezeigt haben, wie man Steuergeheimnisse knackt – mit Fatca nämlich. Das ist das Kürzel für den Foreign Account Tax Compliance Act oder kurz Amerikas internationales Steuerrecht, das vor allem durch seine erstaunliche Reichweite weit über die eigenen Landesgrenzen auffällig ist. Fatca ist selbst in gewisser Weise die Frucht einer kontroversen Regel, der zufolge Amerika nicht nur das dort erwirtschaftete Einkommen seiner Bürger und Bewohner versteuert, sondern deren weltweite Erträge. Mit diesem besitzergreifenden Globalanspruch liegt das Land voll auf einer Linie mit der Militärdiktatur Eritrea – und sonst mit kaum einer anderer Nation. Immer mehr Amerikaner, die im Ausland leben, geben wegen dieser Doppelbesteuerung ihren Pass ab. Ein deutsch-amerikanischer Anwalt, der in einer deutschen Großstadt praktiziert, plant das für dieses Jahr. Jedes Jahr macht der Mann zwei Steuererklärungen und muss für seinen amerikanischen Steuerberater dreimal so viel zahlen wie für den Deutschen. Dazu komme ein riesiger bürokratischer Aufwand. Und schließlich ist der Fiskus aus seiner Sicht unberechenbar, was ihn nicht hindere, bei falschen Deklarationen gewaltige Strafen zu erheben. Der Anwalt sagt goodbye zu seiner alten Heimat.

Drohung mit Quellensteuer zeigte Wirkung

Das 2014 in Kraft gesetzte Fatca-Gesetz zwingt unter Androhung von Sanktionen Leute in anderen, eigentlich souveränen Jurisdiktionen, genau das zu tun, was der amerikanische Gesetzgeber verlangt. Und aus dessen Perspektive darf man sagen: Es hat bisher bestens funktioniert. Mehr als 80 Länder und 77.000 Finanzinstitutionen haben mit Amerika vereinbart, dass sie die Kontodaten der amerikanischen Klientel liefern. Alle wichtigen Länder machen mit, auch klassische Steuerparadiese. Sie verraten dem amerikanischen Fiskus ihre amerikanischen Kunden, egal aus welchen Quellen diese ihre Einkommen beziehen. Und wenn diese versuchen, ihre Konten durch Briefkastenfirmen zu tarnen, dann werden sie von den Banken durchleuchtet, die Namen der Eigentümer oder kontrollierenden Manager werden gemeldet. In Deutschland sieht die Praxis so aus, dass die Banken alle in Amerika Steuerpflichtigen unmissverständlich zwingen, ihr Wertpapierkonto aufzugeben. Sie wollen den Stress mit dem amerikanischen Fiskus nicht. Ein abgekartetes Spiel? Amerika will, dass andere Steueroasen austrocknen - und verschont die eigenen.Gerade die Vereinigten Staaten haben der Welt gezeigt, wie man Steuergeheimnisse knackt Trotz Fatca kann praktisch jeder, der in Amerika ist, die Offenlegungspflichten umgehenMan muss nicht lange rätseln, wie die Vereinigten Staaten die ausländischen Banken zum Mitmachen bewegen konnten: Jedes Finanzinstitut, das sich Fatca verweigert, wird mit einer Quellensteuer in Höhe von 30 Prozent auf Erträge aus amerikanischen Wertpapieren, Fonds und anderen Finanzinstrumenten belegt. Die Androhung wirkt. Die größere Herausforderung war allerdings, die Länder zu Gesetzesänderungen zu zwingen, die es ihnen erlauben, private Daten an andere Länder zu geben. Das hat geklappt, weil man Amerika nichts abschlagen will und weil die Regierung Ländern Reziprozität in Aussicht gestellt hat. Deutschland etwa, so das Versprechen, bekommt im Gegenzug Auskünfte über seine Bürger, die ihr Geld in Amerika versteckt haben. Theoretisch.

Amerikaner wollen keinen globalen Austausch von Kontodaten

Praktisch aber kann jeder, der in Amerika ist, die Offenlegungspflichten umgehen. Von Reziprozität kann keine Rede sein. „Nichtamerikaner, die ihre Finanzinformationen mit ganz ehrlichen Motiven privat halten wollen, haben kein Problem, das in Amerika zu tun“, versichert Anwalt Cotorceanu. Die Amerikaner melden ihren Partnerländern nichts, wenn die Konten von (Briefkasten-)Unternehmen oder Stiftungen statt von Privatpersonen gehalten werden oder wenn die Konten keine Erträge aus amerikanischen Quellen aufweisen. Inzwischen bieten Banken Ausländern zinslose Girokonten an, die auch nicht berichtspflichtig sind. Dazu kommt, dass die Amerikaner die Mitwirkung an der globalen Initiative zum Austausch von Kontodaten verweigern mit dem Hinweis, man brauche das nicht, man habe ja Fatca. Somit ist alles gerichtet für die gedeihliche Entwicklung amerikanischen Finanzplätze und ihrer Steuerhäfen in Delaware, Wyoming, Nevada oder South Dakota. Das Geld fließt, sagen Eingeweihte.

Brutale Entschlossenheit

Deutlich wird die brutale Entschlossenheit der Vereinigten Staaten, ihren Rechtsvorstellungen über die eigenen Grenzen hinweg Geltung zu verschaffen. Man kennt das schon: Fatca wurde möglich dank der Vorarbeiten des UBS-Bankiers Bradley Birkenfeld. Er verriet dem amerikanischen Fiskus im Detail, wie die UBS ihren reichen amerikanischen Klienten bei der Steuerhinterziehung half. Der Bank drohten Beschlagnahmung ihrer amerikanischen Besitzungen und der Entzug ihrer amerikanischen Banklizenz. Die UBS willigte in einen Vergleich ein, der unter anderem die Preisgabe der Kontoinformationen der amerikanischen Kundendaten und eine hohe Strafe vorsah. Die kleine Wegelin-Bank bekam keinen Deal angeboten, bekannte sich 2013 vor einem New Yorker

Illustrative

Transaction Oriented

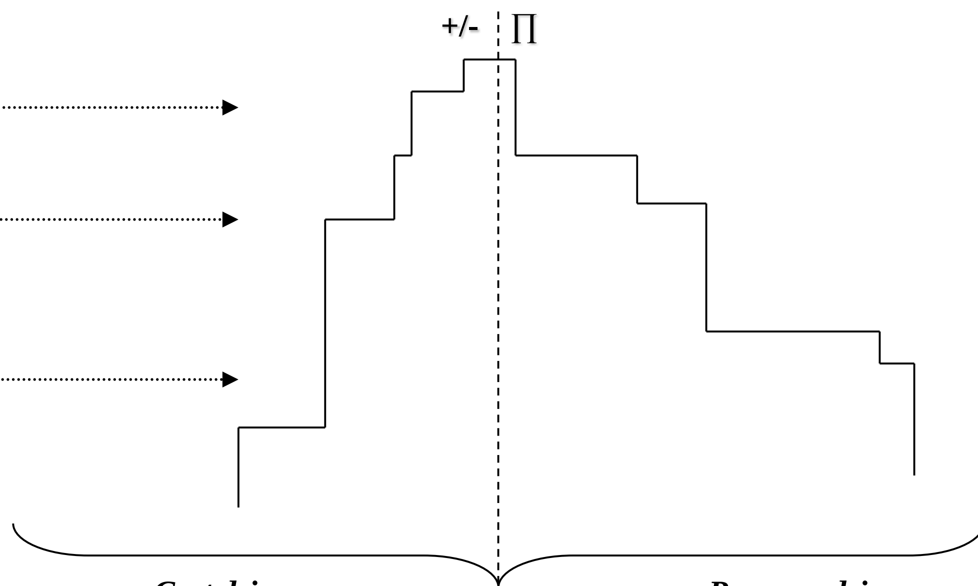
Legal-

Accounting-

Financial-

Measures

Cost **Revenue**



Cost drivers *Revenue drivers* ➡ *Captured in Risk Management*

Business Management along the *entire* Corporate Value Chain, *prioritized*

Sustainable Value Creation orientation

ESMA's role

Technical standards

MiFID II and MiFIR empower ESMA to develop numerous draft regulatory technical standards (RTS) and draft implementing technical standards (ITS) and ESMA delivered three sets of technical standards
on 29 June 2015 (Final Report)
on 28 September 2015 (Final Report, Technical Standards and CBA)
on 11 December 2015

The rules contained in these draft technical standards, once implemented, will bring the majority of non-equity products into a robust regulatory regime and move a significant part of OTC trading onto regulated platforms. More specifically, the key rules introduce:

Fairer, safer and more efficient markets through:
tests to determine whether a non-financial firm's speculative investment activities are so great that it should be subject to MiFID II;
ranges for the new EU-wide commodity derivatives position limits regime;
rules governing high-frequency-trading, imposing a strict set of organisational requirements on investment firms and trading venues;
provisions regulating the non-discriminatory access to central counterparties (CCPs), trading venues and benchmarks, designed to increase competition;
provisions requiring trading venues to offer disaggregated data on a reasonable commercial basis.

Greater transparency through use of :
thresholds for the pre-trade and post-trade transparency regimes extended to equity-like instruments, bonds, derivatives, structured finance products and emission allowances;
a newly-introduced liquidity assessment for non-equity instruments;
a newly-introduced trading obligation for shares and certain derivatives to be traded only on regulated platforms and, in the case of shares, systematic internalisers, instead of over-the-counter;
a double volume cap mechanism to limit dark trading and reshape the use of waivers for shares and equity-like instruments;
newly-introduced reporting requirements for commodity derivatives.

Stronger investor protection by:
improved disclosure to strengthen the best execution regime.

ESMA now has to adopt, where necessary, Level 3 measures (Guidelines, Q&As, etc) to provide guidance to the different stakeholders and ensure consistent implementation across the Union.

Technical advice

In addition, ESMA received a formal request from the European Commission on 23 April 2014 to provide technical advice to assist the European Commission on the possible content of the delegated acts required by several provisions of MiFID II/MiFIR. ESMA delivered its technical advice on 19 December 2014.

Monitoring, publications and reports

With the application of MiFID II/MiFIR (3 January 2017), ESMA will be responsible for many on-going duties including in particular the on-going publication of information on its website (e.g. reference data or volumes of trading executed under certain waivers for the purpose of the double volume cap mechanism), the production of reports in cooperation with the European Commission (e.g. on the functioning of OTF or SME growth markets) and the monitoring and publication of opinions of how certain provisions are implemented (e.g. implementation of position limits or use of pre-trade transparency waivers).

8. Regulatory Impact Assessment on Emerging Markets:

What does the IMF have to report?

Excerpt from the latest IMF report

Vanuata

Millions of guest workers, particularly in Asia are collateral damage in the „new global regulatory regime“

- paying higher fees if still using official banking channels
- using rapidly growing non-regulated systems of various kinds
- rapid growth of ‚non-bank-banks‘ even in some EU-countries

> “overheard on the premises of a Central Bank” ‘ it is politically inappropriate to discuss the impact of regulations”

Why Europe's Banks Don't Have Enough Capital

il 11, 2016 1:00 AM EST

Europe's economic malaise has a lot to do with its crippled banking system. Making that system more fragile seems like the wrong way to address the issue.

With the European Central Bank taking interest rates deeper into negative territory and the euro-area economy languishing, investors have become more concerned about the future profitability -- and perhaps the viability -- of the region's banks. As a result, regulators are coming under pressure to ease capital requirements, on the grounds that this will help banks start making money and lending again.

Such logic perpetuates a misunderstanding of what bank capital is -- a point that Hyun Song Shin, head of research at the Bank for International Settlements, made eloquently in a speech last week. In its purest form, capital is equity financing, money from shareholders that banks can lend. Unlike debt, it has the advantage of automatically absorbing losses in bad times. When banks have more of it, they can borrow on better terms, and are more capable of taking the kinds of risks that make the economy dynamic. As Shin and a colleague demonstrate in a new paper, higher capital levels are strongly associated with higher lending volumes, and could make the ECB's stimulus efforts more effective.

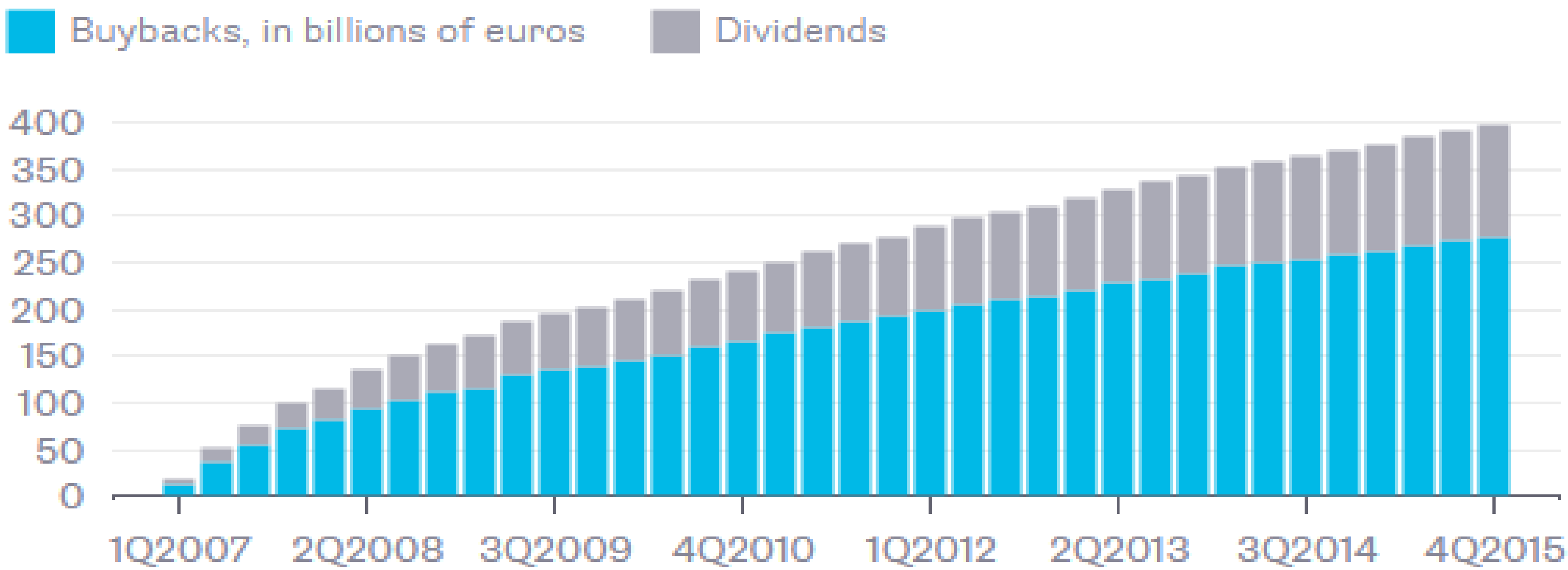
Quicktake Capital Requirements

So it's puzzling that euro-area regulators haven't done more to increase capital levels. As of mid-2015, the aggregate equity at the nine largest euro-area banks amounted to less than 4 percent of assets, about two percentage points short of the already-low levels at the largest U.S. and U.K. banks. Instead of requiring banks to retain equity, regulators have allowed them to pay out hundreds of billions of euros to shareholders in the form of dividends and stock buybacks. Here's a chart (inspired by one in Shin's speech) showing the cumulative payouts at 40 euro-area banks since the global financial crisis started in 2007:

Banks have paid out some 400 billion euros to investors in this period. Had they returned less money, they would have more scope for lending and taking risks. Relaxing capital requirements to help them survive in a weak economy is backward thinking. Regulators should instead require them to operate with more equity capital, so they can help the economy grow.

Where the Capital Went

Euro-area banks' cumulative buybacks and dividends



Source: Bloomberg
Note: Includes the 40 euro-area institutions in the Euro Stoxx Banks Index.

BloombergView

4. MiFID II / MIFIR: Impact on Financial SMEs

Neue Finanzgesetze Fidleg und Finig
Eine kleine Deregulierung für Fonds von Claudia Gabriel / 12.5.2016, 11:00 Uhr
Die Schweiz braucht Fidleg und Finig, weil Schweizer Anbieter im Finanzbereich sonst ihre Leistungen nicht mehr exportieren können. Für Fondsgesellschaften kommt sogar eine Vereinfachung.
Ohne die neuen Finanzgesetze Fidleg und Finig bekommen alle Schweizer Banken und Fondsgesellschaften, die auch ausserhalb des Heimmarktes tätig sind, ein Problem. Dies stellte Markus Fuchs, Geschäftsführer des Anlagefondsverbands, kürzlich an einem Anlass der Branchenorganisation «Friends of Funds» klar. Denn Firmen aus einem Land, das über keine international anerkannte Finanzregulierung verfügt, haben heute in keinem namhaften Markt auf der Welt noch etwas zu melden. Die erwartete Anerkennung von Fidleg und Finig durch die EU als «äquivalent» zu deren Gesetzeswerken (u. a. Mifid II) ist diesbezüglich wesentlich.
Anpassungsaufwand heruntergespielt
Die Wirtschaftskommission des Ständerats wird sich vermutlich am 26. Juni wieder mit Fidleg befassen. Die hochkarätigen Juristen, die mit Fuchs auf einem Podium debattierten, spielten alle die Probleme herunter, welche die Gesetzeswerke für die Finanzbranche schaffen. Selbst Marc Raggenbass von Deloitte, der den besonders betroffenen unabhängigen Vermögensverwaltern nahesteht, gab zu, dass die meisten Schweizer Finanzanbieter den Inhalt von Fidleg und Finig vorvollziehen müssen oder es gar bereits getan haben. Denn Sorgfalt im Kundengeschäft verlangen die Gesetze und Selbstregulierungen schon jetzt, und wer Kunden aus dem Ausland betreut, darf die Gesetze in deren Heimat ohnehin nicht mehr ignorieren. «Wenn es zu einem Prozess wegen unzufriedener Kundschaft kommt, dann strebt ein steuerehrlicher Kunde diesen wenn möglich in seinem Heimatland an», davor warnte Guenther Dobrauz von PricewaterhouseCoopers.
Problematische Regelung aus KAG abgeschafft
Die Fondsbranche kann sich über Fidleg und Finig auch freuen, denn eine problematische Regulierung aus dem erneuerten Kollektivanlagengesetz (KAG) wird ziemlich sicher nach wenigen Jahren wieder abgeschafft. Um mit der EU-Richtlinie für alternative Anlagen (AIFMD) kompatibel zu sein, glaubte man bei der jüngsten Revision des KAG von der Aufsicht lizenzierte Vertriebsvertreter und Zahlstellen einführen zu müssen, welche ausländische Fondsanbieter vertreten, die in der Schweiz Grosskunden wie Pensionskassen mit Dienstleistungen und Produkten beliefern wollen. Etliche Schweizer Firmen haben diese Dienstleistungen seither zu ihrem Geschäftsmodell gemacht.
Tiefere Kosten für ausländische Fondsgesellschaften
Die Lösung stellte sich allerdings als ein politischer Kompromiss heraus, der teuer und wenig zielführend ist, wie Christian Koller von Blum & Grob Rechtsanwälte hervorhob – obwohl etliche der Vertriebsvertreter und Zahlstellen für ihre ausländischen Kunden heute auch sinnvolle Dienstleistungen erbringen. Die Bedenken der Diskussionsleiterin Yvonne Lenoir Gehl, dass sich nach einer Abschaffung des lizenzierten Vertriebsvertreter- und Zahlstellensystems schwarze Schafe unter die entsprechenden Dienstleister mischen könnten, teilten die Podiumsteilnehmer nicht. Die meisten betroffenen Schweizer Dienstleister seien unabhängige Vermögensverwalter, und diese würden künftig ohnehin entweder der Aufsicht unterstellt oder in einem Beraterregister erfasst.
Wankelmütiger Gesetzgeber?
Die betroffenen Schweizer Dienstleister, von denen nicht wenige dem Fondsverband Sfama angehören, sind natürlich nicht glücklich über den Wankelmut des Gesetzgebers. Die Juristen auf dem Podium waren sich aber einig, dass es besser sei, einen unbefriedigenden Zustand zu ändern, als im Sinne der Rechtssicherheit weiter damit zu leben und sinnlos Kosten zu verursachen. Somit enthalten die neuen Schweizer Finanzgesetze nicht nur Mehrregulierung, sondern tatsächlich in einem kleinen Punkt auch eine bewundernswert **konsequente Deregulierung.**

Effects of Negative Interest rates

- Negative Zinsen leisten der Praxis riskanter Kreditvergabe bei einigen Banken Vorschub, sagt UBS-CEO Sergio Ermotti. Dies könne sich mit der Zeit zu einer Gefahr für das Finanzsystem auswachsen.
- "Einige Banken gewähren Kredite im Übermaß zu Konditionen, die nach meiner Einschätzung auch Potenzial für künftige Risiken im System bergen", sagte Ermotti auf Bloomberg TV. "Es gibt Banken, die nicht länger wissen, was sie mit den Einlagen tun sollen. So versucht jeder, den anderen beim Preis zu schlagen. Mit der Zeit wird das ein strukturelles Defizit nach sich ziehen."
- Ermotti sagte, Risiken könnten bei der Hypothekenvergabe und bei anderen Immobilienkrediten entstehen, wo Banken Kredite ausweiten, um die Erträge zu steigern. Kreditinstitute hätten auch damit begonnen, Gebühren für Dienstleistungen zu erheben, die in der Vergangenheit durch Einlagen subventioniert gewesen seien, sagte Ermotti. Er nannte Einlagen eine "faktische Einladung für Verluste".
- Bei einer Veranstaltung in Frankfurt sagte EZB-Direktoriumsmitglied Benoit Coeure am Mittwoch, die Europäische Zentralbank verfolge die Auswirkungen negativer Zinsen auf die Banken aufmerksam.

IAMs on their hopes, fears and the future

3. Mar 2016, Citywire Beatrice Mancini reports on the changing regulatory landscape and how the Luganese are handling the threat to independent operators.

The regulatory landscape in Switzerland is changing and consolidation of independent asset managers (IAM) is expected to continue. However, industry participants believe the 'threshold of pain' has not yet been reached, when we met with investors in Lugano in February.

The 7:10 train from Stazione Centrale, Milan, took us to Lugano to meet a string of independent wealth managers. Our aim was to pin-point IAMs' sentiment amidst the context of regulatory currents reshaping asset management landscapes in Switzerland, as well as across Europe.

It is not news that regulation is sculpting the dynamics in which investment professionals operate, but how have these been perceived and assimilated? Are the sector-specific associations doing enough and how is the landscape changing? We collected first-hand opinions and expectations for the future. Key difficulties highlighted were the mix of unfolding regulations in neighbouring countries, such as the voluntary disclosure in Italy, as well as impending regulatory changes, such as the end of rebates. This is in addition to the current low interest rates environment making investment objectives more difficult to manage and demographic factors seeing a natural reduction in key clients, where generational turnover is hard to secure. Due to our geographic proximity to Italy, most clients are Italian. Hence we experience the impact of regulatory changes in Italy, as clients' expectations and needs change, accordingly, looking towards us for what they don't get from their advisors in Italy and comparing our services and performances.' Many factors are tightening the operational margins for us to work in, and some entities are pushing towards consolidation. The talk of banks acquiring IAMs in the form of 'umbrella-structures' has been a constant thread of gossip but many of us are not ready nor willing to give up our autonomy yet.'

Culture gap concerns

On top of this, changes in the self-regulatory model are increasing obligations towards their members, which are likely to be placed under the closer watch of the FINMA. This is being resisted by many IAMs, who spoke of an inevitable 'culture gap' in the eventuality of merger, due to individual hierarchies, client selection parameters, and so on. Many of us left banks and corporate structures to found autonomous entities. The idea of merging with other independent entities or with banks raises a series of clashes.' I am the 'CEO', even if in practice the company comprises of myself and one other partner, I remain 'CEO' and retain the freedom of operating according to my own company ethos.' We each have our own business model which we've fine-tuned and the thought of reverting to a shared leadership in the eventuality of a merger between IAMs or with a bank is extremely frustrating.' IAMs were canvassed on what they would like from their representative associations: 'I would like the possibility of taking part at specifically-designed courses. A set of common standards requiring mandatory certifications in order to align and structure our community would be very useful and add value to the perception of our category.'

'We want to see more done to safeguard our 'category'. Frustration is growing as many of us feel we are being overlooked in favor of the banks by the FINMA.' The impact of the impending national regulations, FIDLEG and FINIG, will lead to extra costs associated with complying.

'On top of these extra costs, such as new staff figures for compliance, in-sourcing or out-sourcing IT software and staff, etc., this evolution of technology in itself is changing the symmetry of our office structures.'

Brand challenge

Are business models shifting amidst the currents of impending changes in the rebates system and seen the loss of privacy, in order to maintain the world-famous Swiss brand? The prospect of losing rebates has no relevance for some IAMs operating on the basis of advisory fees alone but could greatly impact others. 'I see a polarisation of instruments and strategies used, leading towards a greater focus on alternative style funds in