

10th Shanghai Derivatives Market Forum

Outlook of European Macro Economy and Regulatory Environment

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I. Shanghai as Financial Hub

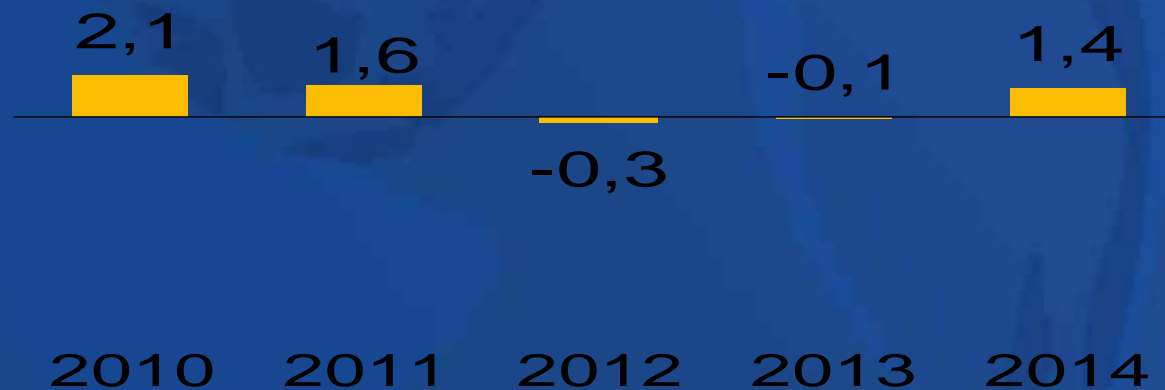
- Preliminary Remarks
- Prominent Location of Stock Exchanges
- International Board
- Base for RMB Internationalization

Excursus: various Initiatives in Europe
to boost Offshore Renminbi

II. European Economy



- In the wake of the Sovereign Debt Crisis:
Structural reforms and austerity measures
- Several countries still in recession
- GDP growth for Germany expected 0.5% this year
- EU-wide GDP growth (rebounding expected next year):



II. European Economy

- ❖ ECB interest rate on record low of 0.5%
- ❖ significant improvement of financial markets
- ❖ altogether EU not surpassed recession
- ❖ but signs of recovery for second half of the year
- ❖ persistence of unemployment rate on high level
- ❖ interest rate remains below ceiling of 2%
- ❖ domestic demand hesitant but exports striving

II. European Economy

- Impact on investment portfolio
- Low-interest rates fuel other forms of investment:

- Gold rush ?



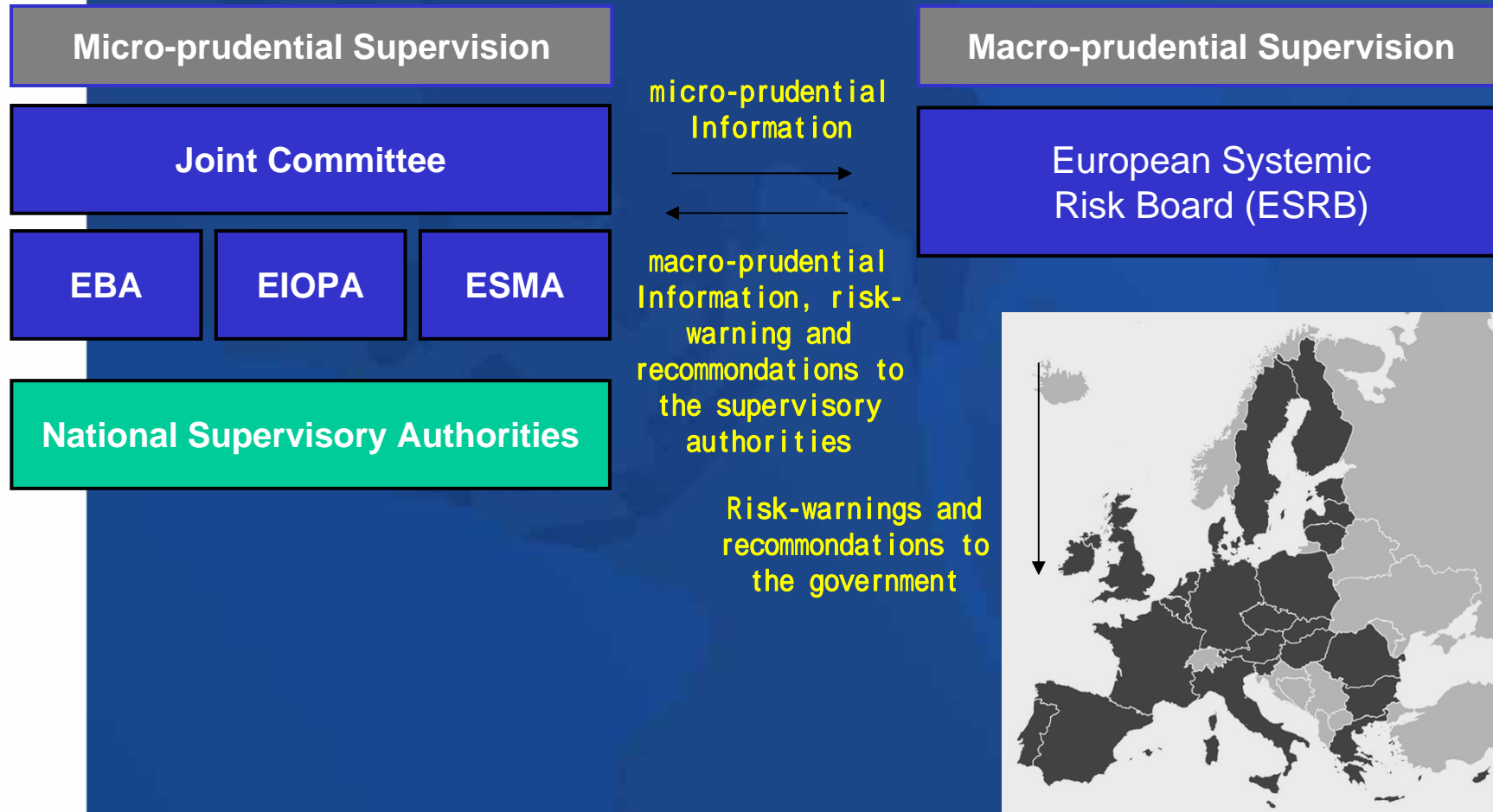
- Housing bubble ?



- Shares & other financial instruments



III. European System of Financial Supervision



Banking Union in Europe



Single Supervisory Mechanism

ECB in a new role as banking supervisor –

impact on the monetary policy and its independent mandate ?

Execution of pan-European supervision –

supervision on EU level or in form of delegation ?

-> focus on about 130 systemically relevant credit institutions

Single Resolution and Restruction Mechanism

- identify the correct liability while sparing taxpayers' money

- How to divide liability in case public funds are tapped?

Banking Union

• Tripartite Approach

Supervision

European supervisory authority within ECB
supervision of major banks

Restructuring

restructuring and resolution mechanism to prevail fin. system

Financing

of restructuring/resolution by EU bank levy, ESM

IV. Regulatory Overhaul of Derivatives



- **G 20 Summit in Pittsburgh in 2009**
- **platform trading and central clearing of standardized OTC derivatives**
- **implementation on regional / national level**
- **sound and smooth operations of stock exchanges**

Excursus: commodity exchanges in Germany

- **smooth supervisory framework**
ideally on international level playing field



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