

{ VIEW FROM THE REAL ECONOMY }

## COLIN TYLER

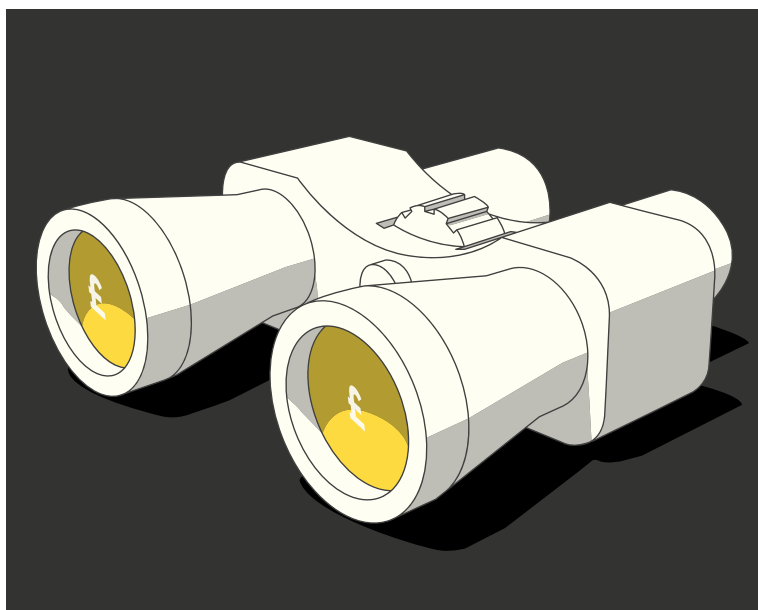
Regulators need to hear the strategic concerns of corporate treasurers



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As CEO of the ACT, I do more than my fair share of attending events and conferences run by, and for, other professional bodies. Afterwards I am struck by a number of consistent thoughts.

Firstly, there is the need for professional bodies to be heard as the representative voice of their profession. To a large extent, the traditional focus of professional bodies in the business environment has been about messages of scale: 'We're the biggest', 'We're the fastest growing' and so on. While these messages play to members and potential students, they could be considered inward-looking. But the financial crisis has meant that associations have had to respond to a fundamentally new audience in the arenas of regulation and legislation that involves players not previously involved or even in existence. Most critically, governments, regulators and others need to hear the strategic concerns of corporate treasurers working within the real economy. At the recent ACT winter keynote event, a large majority of the audience of over 300 treasurers was emphatic in saying that regulators weren't getting it right, nor were they really responding to the concerns of the real economy. What I think is important, therefore, and what I want the ACT (and the European Association of Corporate Treasurers) to do is to speak clearly and consistently with a single voice, but with a collective view, to this audience.



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Secondly, there is the 'what'. This is the challenge of dealing with what a treasurer recently described to me as "a whole new world of pain" – namely, the regulatory stew that is being brought to the boil, particularly in the EU and the US. The 'pain', of course, is coming from overlapping rules, politically motivated intervention and a general lack of concern for the end user, especially the corporate end user, of financial services. I could cite examples related to OTC derivatives, bank 'ring-fencing' or the financial transaction tax. What's key here, however, is that someone hears the message

about the need for a joined-up approach to financial systems management that is not simply an exercise in puffing up central bankers or settling old political scores.

Lastly, there is the 'how'. As an example, one fallout from the financial crisis and the subsequent desire of authorities to reduce risk in the financial system is the new regulation of derivatives, which will also hit non-financial companies, even though they were not a cause of the crisis. European legislation came into force on 16 August 2012, but in their haste to regulate, the

authorities had not agreed the full detail at that stage.

The final rules on many of the sections relevant to ordinary companies were only approved in February 2013, with the first obligation on derivative confirmations starting on 15 March. During the ACT's recent technical webinar (see [www.treasurers.org/derivativeregulation](http://www.treasurers.org/derivativeregulation)), which briefed treasurers on the new obligations, a poll found that banks and service providers are well behind in offering advice and services to their customers. A mere 44% of organisations are only just beginning to hear from a few banks or service providers and 39% have heard nothing from them. This means that regulators have decided on a course of action that market practitioners are barely aware of, barely understand and barely appreciate.

The lack of sense in these regulations extends to all intragroup derivatives – including those between a European Economic Area (EEA) company and a group company outside the EEA. Companies will need to ensure that they are already capturing sufficient data in order to fulfil the reporting requirement once the trade repositories eventually go live. Ask your local, friendly regulator what that's for, but don't be surprised at the bluster in the answer. ♥

**What are your thoughts on the April issue of *The Treasurer*? Email me at [ctyler@treasurers.org](mailto:ctyler@treasurers.org) or tweet @ColinTyl**