

**Singapore Investment Banking Association
Welcome address by the Chairman
Equity Derivatives and Structured Products Seminar**

June 27 2006 (9:00 am to 9:15 am)

Minister Lim Hwee Hua, Minister of State for Finance and Transport

Representatives from the MAS and the SGX

Distinguished Guests,

Ladies and Gentlemen,

Good morning to you

Introduction

Welcome to the first Equity Derivative and Structure Products Seminar organized by the Singapore Investment Bankers Association. It is indeed an honour to address such a distinguished audience of senior professionals from fund management, insurance and banking industries, senior representatives from the various government ministries, statutory boards, corporates, various industry associations, legal and accounting firms.

Objective of the Seminar

We are pleased to have with us this morning Minister Lim Hwee Hua, the Minister of State for Finance and Transport. She will share with us the package of key initiatives and measures that will be launched by the Government and the SGX to promote and enhance the Equity Derivatives and Structured Products Industry in Singapore.

Globally, Equity Derivatives and Structured Products have experienced exponential growth. Equity derivative products are now an integral part of financial markets especially in an environment of active portfolio management, growth in the number of alternative asset classes, evolution of sophisticated risk management strategies, globalisation and interdependence of equity markets and pressures from investors seeking higher absolute returns.

In Singapore, we have similarly witnessed a very substantial increase in the number and trading volume of warrants. In the unlisted derivatives market, more and more over-the-counter structured products are being transacted between institutions. In addition, financial institutions are increasing their range of innovative structured products targeted at high net worth customers.

Development of the Task Force

Notwithstanding such rapid growth there are rooms for further development of equity derivatives and structured products in Singapore. We need to be conscious of the need for promotion and innovation to keep up with global trends and to maintain Singapore as a leading regional financial center. In this connection SIBA, with the support of the MAS and the SGX established a task force last year to explore the potential of equity derivatives and structured products.

The task force comprised investment banks who are active industry practitioners and experts in equity derivatives and structured products field. They were assisted by representatives from the MAS and the SGX.

The task force was organized into three sub-committees that reviewed three product segments, namely Investment Products, Exchange-Traded Products and Over-the-Counter Products.

The terms of reference for the Taskforce was to consider the current and future environment for the following and to propose recommendations that will continue the development of the equity derivatives and structured products market in Singapore.

1. Overview of the market including existing and future products, market size and potential as well as key drivers of demand and supply;
2. Market participants and their location;
3. Current regulatory and tax framework and their conduciveness to market development;
4. Manpower requirement such as skill or training gaps; and
5. Infrastructure including front, middle and back office as well as exchange, clearing and settlement functions.

The task force completed their study in February 2006 and a presentation was made to the MAS. This culminated in the report of new initiatives that will be announced and distributed today.

On behalf of SIBA, I would like to acknowledge the valuable contributions of our task force members, the MAS and SGX. You can find the names of taskforce members in the report.

Formation of the Equity Derivatives Standing committee and terms of reference

To ensure proper follow-up and execution of these initiatives, SIBA formed an Equity Derivatives and Structured Products Standing committee in March this year comprising most members of the original task force. Their terms of reference are to ensure smooth and efficient implementation of recommended initiatives as well as serve as the forum for continuing dialogue between industry, SGX and the MAS.

The Standing committee meets regularly to

- Discuss and follow up on industry issues
- Help implement proposed initiatives
- Co-ordinate new initiatives,
- Review and propose further regulatory reforms where necessary
- Organize continuing education programs for institutional and retail education
- Organize and host seminars, lectures and regional conference by international speakers

Seminar presentations

This morning, SIBA is pleased to have members of the Standing committee from Deutsche Bank, Credit Suisse and Macquarie Securities who will host presentations and panel discussions for our audience. They have worked hard to assemble a range of derivative topics and related issues for everyone here. We hope you will benefit from their market updates and discussions.

Conclusion

In closing, I wish to thank:

Minister Lim Hwee Hua for her keynote address and announcement of the new initiatives;

MAS and the SGX for their kind presence and participation;

Task force members for their hard work in producing the report and recommendations;

Our presenters and panelists for their presentations and panel discussion;

Distinguished participants for your participation;

And a very big thank you to our sponsors namely Barclays Capital, Credit Suisse, Deutsche Bank, Macquarie Securities, Merrill Lynch, OCBC Bank and OCBC Securities, SGX, Societe Generale and UBS AG who through their kind generosity have made it possible for us to host this seminar and to extend complimentary invitations to all our guests

I thank you all and do have an enjoyable time ahead.

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