

Conference on New Challenges in Regulating Financial Markets Assesses the Impact of Securities Reforms on Exchanges and Analysts

On March 24, 2006, the “New Challenges in Regulating Financial Markets” conference, one of several initiatives under NYU Stern’s Citigroup Leadership and Ethics Program, convened financial business leaders, regulators, academics, Stern MBA and undergraduate business students, and alumni to discuss how recent securities reforms are affecting the exchanges and research analysts, and impacting global financial markets.

Harvey J. Goldschmid, Dwight Professor of Law, Columbia University; former commissioner, U.S. Securities and Exchange Commission; and Stern’s current Citigroup Distinguished Fellow in Ethics and Leadership, opened the conference with his perspective on the new challenges markets are facing after three years of securities law reform. According to Goldschmid these challenges include ensuring investor protection as exchanges become more globally dependent, managing the converging roles of broker dealers and investment advisors and providing shareholders with better methods to influence corporate governance.

Following Mr. Goldschmid’s keynote, a panel moderated by Ingo Walter, director, Stern Global Business Institute and NYU Stern Seymour Milstein Professor of Finance, Corporate Governance and Ethics, on “The Role of the Exchanges,” featured Roel Campos, commissioner of the U.S. Securities and Exchange Commission; Richard Ketchum, chief regulatory officer, New York Stock Exchange; and Mark Lackritz, president, Securities Industry Association. The panelists discussed the exchanges’ structural conflict of interest to raise money and also act as a regulatory body. Some of the exchanges, including the NYSE, have spun off their regulatory arm of the business into a separate non-profit entity.

The conference’s luncheon discussion, “Challenges Ahead,” moderated by Martin Lipton, managing partner of Wachtell Lipton, Rosen & Katz, and chairman of the Board of Trustees, New York University, featured Harvey J. Goldschmid and John H. Biggs, former chairman, president and CEO, TIAA-CREF, and 2004-2005 NYU Stern Citigroup Distinguished Fellow in Ethics and Leadership. During their exchange, they stressed hedge fund activism and Sarbanes-Oxley provisions, which are being considered for smaller public companies.

Following the luncheon, M. Damodaran, chairman, Securities and Exchange Board of India, remarked on his country's corporate governance challenges, including growing the financial markets while maintaining regulatory controls.

The final panel discussion on "The Role of Research Analysts," moderated by Roy Smith, NYU Stern Kenneth Langone Professor of Entrepreneurship and Finance and former partner at Goldman, Sachs & Co., included William Kennedy, global director, Citigroup Investment Research; Helen S. Scott, professor of law, New York University; and Annette Nazareth, commissioner, U.S. Securities and Exchange Commission. One of the issues the panel addressed was how separating the research and investment banking practice was a good move for the industry, helping research better serve the interests of the investment clients rather their own corporations.

About the Citigroup Leadership and Ethics Program

Established in 2003, NYU Stern's Citigroup Leadership and Ethics Program, made possible through the generous support of the Citigroup Foundation and managed by Stern's Markets, Ethics and Law Program, represents the School's latest effort to extend its longstanding commitment to the practice of professionally responsible business. Harvey J. Goldschmid is serving as the third distinguished fellow under the program, which also supports the development of curricular and research innovations in the area of leadership and ethics.