

From: Jes Staley <[REDACTED]>
To: "jeevacation@gmail.com" <jeevacation@gmail.com>
Subject: Fw: Darling meeting with banks at Davos
Date: Wed, 27 Jan 2010 22:57:14 +0000

Can u look into this?

----- Original Message -----

From: Kristin C Lemkau
To: Jes Staley; Rosa M da Silva; Juliet N Pullis
Sent: Wed Jan 27 17:54:23 2010
Subject: RE: Darling meeting with banks at Davos

I don't think this one is on your schedule. I'm looking into it now as to whether our UK team knew about it.

-----Original Message-----

From: Jes Staley
Sent: Wednesday, January 27, 2010 5:35 PM
To: Rosa M da Silva; Juliet N Pullis; Kristin C Lemkau
Subject: Fw: Darling meeting with banks at Davos

Am I going this? I need to.

----- Original Message -----

From: David M Wells
To: Jes Staley; Mary E Erdoes; William M Daley; Walter Gubert; Jacob Frenkel; Dick Cashin; Kristin C Lemkau
Sent: Wed Jan 27 17:25:01 2010
Subject: Darling meeting with banks at Davos

Fyi, this story is running on the Guardian's website now. Other papers are trying to match and will be asking about it tomorrow. I'll be around to field the questions. Allbest D

Top City bankers will seek to head off Obama-style plan in UK

Alistair Darling is to hold private talks with an elite group of City bankers in Davos on Friday amid warnings from global business executives that tough new curbs on the financial sector would hold back economic recovery.

Leaders of both UK and international banks will seek reassurance from the chancellor that the windfall tax on bank bonuses is not the start of a concerted crackdown that will make London a less attractive place to do business.

Bob Diamond, the president of Barclays, today strongly attacked Barack Obama's plans to limit the size and scope of Wall Street banks. A new era of "narrow" banks would be harmful, - Diamond warned: "The impact on jobs, global trade and the global economy would be very negative."

Peter Sands, the chief executive of Standard Chartered, will host talks at which bankers will voice their unhappiness at what they see as a populist attack on their industry. He said that there was a growing risk that fragmented regulation initiatives would "create enormous complexity" and encourage banks to play one regulator off against another.

Darling is expected to tell the bankers that while the government wants the G20 group of developed and developing nations to draw up plans for better financial regulation, it also wants the City to thrive. However, the chairman of the Financial Services Authority, Lord Turner, today called for direct controls on the supply of credit to prevent the build-up of dangerous asset-price bubbles.

The determination of world leaders to reform financial markets after the crisis of the past two and a half years was underlined by the French president, Nicolas Sarkozy,. Giving the keynote address to the World Economic Forum this evening, he said there must be no return to the excesses of speculation and deregulation.

Congressman Barney Frank, an important US lawmaker on financial regulation, insisted countries were working together to toughen up the rules. "You can't play mommy and daddy against each other now," he said.

Some of Wall Street's most high-profile chief executives, including Goldman Sachs's Lloyd Blankfein and JP Morgan Chase's Jamie Dimon, pulled out of this year's Davos meeting. But Jacob Frenkel, the chairman of JP Morgan Chase International, said there was a danger of policy becoming too harsh. "We are falling into the trap of excessive interventionism, excessive protectionism," the former Bank of Israel chief said.

Raghuram Rajan, professor of finance at Chicago University, said: "We are in danger of attacking the most visible problems instead of doing what we need to do. We could over-regulate and go too far, and whittle away too much."

Turner said policymakers needed more than interest rates to tame asset-price booms and called for the establishment of a new macro-prudential body .. in Britain able to take pre-emptive action.

Speaking in Davos, the FSA chairman called for a committee that would combine the insights of central bankers and regulators with input from outside economists to avoid the risk of "groupthink".

"It would meet twice a year to look in a really, really detailed way at what is going on," Turner said. "The committee would decide whether to pull the necessary macro-prudential levers in a discretionary, counter-cyclical fashion."

Turner's comments are in line with proposals he made in his review of the banking sector and consistent with thinking at the Bank of England, which has talked about the need for macro-prudential tools.

He proposed that such a committee would be able to target borrowers and lenders. Bank lending could be curtailed through higher capital requirements while lenders would have to put down bigger deposits to secure loans.

"We can't do this at a global level. It has to be national," Turner said. "We need new macro-prudential tools that directly focus on the supply of credit to those parts of the economy most likely to see bubbles."

Turner said the property boom of 2004-07 was far more serious than the dotcom bubble of the late 1990s because it involved a huge expansion of credit. High levels of lending on property had led to irrational exuberance, macroeconomic instability and a "self-reinforcing process". Banks had seen profits swollen by excessive lending, providing them with an incentive to lend still more. But when the bubble burst, there had been a collapse in confidence followed by a credit crunch.

"We need to do something about it," Turner said. "The tool cannot be the interest rate. It is too imperfect for that. The bubble can't be pricked with classic monetary policy ... We have to get back to the idea of controls on credit growth."

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