

June 2004

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Survey Respondents Provide Feedback on Independent Valuations

Pricing complex instruments and finding a reliable source of data are the biggest challenges financial services firms are facing with regard to pricing and valuing portfolios. At least, that's according to the results of an independent valuations study GARP conducted during the month of May.

470 respondents completed the global survey, which was sponsored by SunGard's Reech unit. When asked about the largest challenge they face in terms of pricing and valuing portfolios, pricing complex instruments (35 percent) was the top response – but finding a reliable source of data (30 percent) finished a close second. 15 percent of respondents, meanwhile, said that finding a cost-effective solution is the biggest problem they face, in terms of pricing and valuing portfolios.

Respondents also overwhelmingly anointed credit instruments as the most difficult instruments to value. Fixed-income instruments (23 percent) finished a distant second to credit instruments (51 percent) on the “difficult to value” scale.

Regulators, internal risk officers and auditors are all applying pressure on firms to know the true value of instruments on their books. In terms of forcing firms to provide efficient valuations of instruments, 35 percent of respondents said that regulators are applying the most pressure – but internal risk officers (29 percent) and auditors (24 percent) are also applying significant heat.

45 percent of respondents also said that, as a result of increased regulations, they are now performing more independent valuations than they have in the past. 21 percent of respondents, on the other hand, said that the growing amount of regulation has not affected the way they perform independent valuations.

From a monetary perspective, firms are not spending an exorbitant amount on independent valuations. 33 percent of respondents said their firm spends more than

\$50,000 annually on independent valuations, but 34 percent place that figure at between \$10,000 and \$50,000 and 21 percent describe spending as “negligible.” To view the complete results of the survey, please [click here](#).

New Searchable Database Goes Live

GARP has launched a searchable database for its dues-paying members. The database currently allows users to search for GARP Risk Review stories by topic and/or by author.

In the future, GARP plans to supplement its database with topical articles written by industry experts from across the global risk management spectrum.

If you have an interesting risk management story you’d like to see posted in GARP’s database, please send the article – along with a brief, two-sentence synopsis – to Robert Sales at robert.sales@garp.com.

Dues-paying members who’d like to immediately take advantage of the new searchable database should [click here](#).

GARP's Risk Summit of the Americas: Last Chance to Register!

**GARP’s 2nd Credit & Counterparty Risk Summit of the Americas
New York, June 15-16, 2004**

Register Now – Registration Closes on Friday, June 11.

**For full program details, including speaker faculty, agenda and registration,
visit: www.garp.com/events/2ndCCRSNewYork**

GARP is pleased to announce that the **2nd Annual Credit & Counterparty Risk Summit for the Americas** will be held in **New York City on June 15 and 16, 2004**. GARP would like to thank the event sponsor, **Misys Risk Management Systems** for their enthusiastic support of this event.

Join attendees from across the Americas at what promises to be the **Credit Risk event of the year!**

GARP’s 2nd Annual Credit & Counterparty Risk Summit for the Americas offers attendees sessions and technical tutorials over two days in **two simultaneous tracks**. Hear the latest theoretical thinking and state-of-the-art practical techniques and case studies. These sessions will allow risk managers to further enhance their understanding of topical risk issues affecting the **future direction of credit risk management**.

Highlights of the 2004 Summit include:

Executive Keynote Addresses by:

- **Philip J. Lofts**, Divisional Chief Credit Officer, **UBS Investment Bank**
- **Michael Gordy**, Senior Economist, **Federal Reserve Board** & GARP Financial Risk Manager of the Year, 2003
- **Edward Altman**, Max L. Heine Professor of Finance, **NYU Stern School of Business**, Director of Credit & Debt Markets Research, **NYU Salomon Center**
- **Marc Saidenberg**, Bank Supervision Group, **Federal Reserve Bank of New York**
- **Evan Picoult**, Managing Director, Head of Risk Methods and Analytics, Risk Architecture, **Citigroup**

In addition, the Summit offers delegates a separately bookable intensive and interactive one-day **pre-Summit Masterclass** on:

- **Credit Risk Modeling for Effective Credit Risk Management**

With contributions from the following organizations:

Citigroup; Patriarch Partners LLC; Cornell University School of Operations Research; Stern School of Business, NYU; Bear Stearns. For details on the Masterclass, please visit: www.garp.com/events/2ndCCRSNewYork/tracks/PreSummitMasterclass.htm

For full program information, please visit the event website at www.garp.com/events/2ndCCRSNewYork/

There are limited sponsorship and exhibition opportunities available. For further information, please contact Andreas Simou on +44 (0) 20 7626 9301 or email andreas.simou@garp.com. Please also contact Andreas if you would like to order a brochure.

GARP would like to thank our sponsors, **Misys Risk Management Systems and CreditSights Inc.**, for their enthusiastic support of this event.

We look forward to meeting you in New York in June!

Coming Soon - Asia-Pacific Convention

**Mark Your Diaries & Call for Papers:
GARP's Inaugural Asia Pacific Convention
Singapore, 27 – 29 September, 2004**

GARP is pleased to announce that it will be holding the first Asia Pacific Convention in Singapore in September. This event is a sign of the increasing requests by Asian

members for an event specifically tailored for their financial and risk management requirements in the region.

At present, the agenda is being finalized with the assistance of senior risk professionals from the leading banks in the region. Presentations will reflect some of the most up-to-date and topical subjects, with presentations from the leading financial institutions in the region, senior academics and domestic and international regulators. If you are a risk manager within an Asian bank, or have regular dealings with such individuals and organizations, then this is one event you can not afford to miss!

The Convention will also feature an extensive exhibition alongside the conference. There are also limited numbers of sponsorship opportunities. For further information about sponsorship and exhibition opportunities, please contact Caroline Statman at caroline.statman@garp.com. If you would like to be considered for as a presenter, or would like to nominate somebody, please contact Andreas Simou at andreas.simou@garp.com.

GARP would like to thank the lead sponsors, **Standard & Poor's** and **CreditSights Inc.**, for their enthusiastic support and cooperation.

GARP's 3rd ASSET MANAGEMENT FORUM

The Premier Risk Event for the Buy-Side

Following the huge success of the first three annual Forums, GARP is pleased to announce that the 3rd Asset Management Forum will take place in **London, from November 15 – 17, 2004.**

The Event

The Asset Management Forum has been designed to provide buy-side professionals with the **latest business and investments techniques for asset management and hedge funds industries.** Our experienced speakers will provide you with the latest innovations and research in risk management both from a theoretical and a practical day-to-day point of view.

Who should attend?

This event will be invaluable for anyone interested in financial risk management for the buy-side such as:

- Portfolio and Asset Managers
- Hedge Fund Managers
- Heads of Investment
- Investment Analysts
- Investment Advisors
- Private Bankers
- Consultants

- Vendors
- Regulators
- Compliance Officers
- Pension Fund Managers and Trustees

Companies that have attended this event in the past include: **HSBC, Morgan Stanley, Goldman Sachs Asset Management, UBS, Deutsche Asset Management, Merrill Lynch Investor Managers, INVESCO, Citigroup Asset Management, Morley Fund Management, SG Asset Management, FEFSI, Financial Services Authority, Schrodgers, Barra, Algorithmics, SunGard, KPMG** and many others...

Program Information

Full program of the Forum will be available via GARP web site in early July. Please check this site regularly for up-dates on speakers and for the draft programme.

Speaking Opportunities

If you would like to be considered as a presenter, or would like to nominate somebody, please contact Fabio Fant via email at fabio.fant@garp.com.

Marketing Opportunities

Sponsoring or exhibiting at the Asset Management Forum will enhance your organisation's presence and enable you to maximise your profile with the right audience. To discuss specific packages that could suit your requirements and budget please contact Caroline Statman on + 1 201 222 9975 or via email at caroline.statman@garp.com.

GARP Risk Review: Free Peek at the May/June 2004 Issue

Are you interested in learning more about GARP Risk Review, GARP's insightful, cutting-edge risk management journal? The most recent issue of GRR (May/June2004) features interesting articles on enterprise risk management, risk evolution and banking crises. Please check out the summaries below and click on the links for free access:

Enterprise Risk Management

The integrated, firm-wide approach to risk management also known as enterprise risk management is gaining momentum in the financial services community. But what is the real gap between ERM and the more traditional, functional approach to risk management? Denise Valentine takes an in-depth look at the qualities that separate the

ERM and functional approaches to risk management. She also offers an abbreviated blueprint for effective risk monitoring and shares her views on the characteristics of a good risk manager.

[Click here](#) to read the full story.

Risk Evolution

Financial risk management grew by leaps and bounds in the latter half of the 20th Century. Recalling both his own experiences and those of his colleagues, Aaron Brown outlines and analyzes the seminal events that transformed the industry over the past 40 years - including the birth of financial risk, the impact of Black Monday, the rise of quants on Wall Street and the development of Value-at-Risk and economic capital.

[Click here](#) to read the full story.

Banking Crises

Over the past two decades, many countries across the globe have endured at least one banking crisis. Leveraging the results of a recent banking concentration survey, Gustavo Bamberger analyzes the relationship between banking crises, mergers and competition.

[Click here](#) to read the full story.

GARP Risk Review is mailed every other month to all individual members of GARP. Becoming an individual member costs US \$100 a year and you can join up online at www.garp.com/howtojoin. If you would like a free two-issue trial of the risk profession's most in-depth magazine, please [click here](#) and give us your details.

P.S. If you are an existing affiliate member of GARP, in order to receive your two free-trial issues of GARP Risk Review, you must [click here](#) to confirm your membership details.

On the Horizon: GARP 2005

GARP 2005 - GARP's 6th Annual Convention and Exhibition
NYC, 31 January until 3 February

Following the huge success of GARP 2004, GARP is pleased to announce that GARP 2005 will take place in New York City on 31 January until 3 February. Mark Your Diaries for one the industry's most anticipated events of the year. More information will be available on the GARP website from next month.

If you would like to be considered for speaking opportunities, or your organization would like to know more about sponsorship and exhibition opportunities, please contact andreas.simou@garp.com.

Wanted: People News for GRR

GARP's thought-provoking, bi-monthly magazine, GARP Risk Review, has recently launched a **People Tracker** department; the department tracks the career moves of significant risk management executives in the financial services industry. Have you heard of any recent appointments or exits that GARP members may want to read about? If so, please contact Robert Sales at robert.sales@garp.com.

GARP Risk Review: "Letters to the Editor" Welcome

Do you have any thoughts on any articles you read in a recent issue of GARP Risk Review? GRR greatly values the feedback of GARP members, so please send a letter to GRR Editor Robert Sales at robert.sales@garp.com if any of our recent stories piqued your interest. We will publish the most insightful, thought-provoking letters in each new issue of GRR. We look forward to hearing from you and thank you in advance.

CHAPTER MEETINGS

A. Brazil

Wednesday, June 9, 2004
Renaissance Hotel
Alameda Santos 2233
São Paulo, Brazil
3 p.m. - 6 p.m.

For **FREE** registration please [click here](#).

Subject: **Operational Risk in Brazil:** Assessing the Latest Trends, Future Developments and Impact of Basel II

Moderator: **Manoel Rodrigues Jordão**, Head of Operational Risk & Compliance, **Banco Safra & GARP Regional Director for Brazil**

Speakers:

- **Ronaldo Nogueira e Nogueira**, Chief Operational Risk Officer, **Banco Bradesco S.A.**
- **Samya Paiva**, Gerente de Riscos Operacionais, **ABN AMRO**

- **Enio Neves**, Head of Operational Risk, **Banco Itaú**
- **Daniel Vieira**, Operational Risk Manager, **Bank Boston**
- **Amaro Gomes**, Representative of **Central Bank of Brazil**

Speaker Biographies:



Manoel Rodrigues Jordão

Manoel is an engineer and currently heads the department responsible for Operational Risk and Compliance at Banco Safra. From 1999 to 2004, Manoel was the head of Operational Risk at Unibanco. From 1982 to 1998, Manoel has also worked as a trader for a number of leading organizations including Unibanco. Being one of the most active members in the region, Manoel has recently been appointed GARP regional director for Brazil.



Ronaldo Nogueira e Nogueira

Ronaldo Nogueira e Nogueira, is graduated in Business Administration, specialized in finance (FAAP - Faculdade Armando Alvares Penteado), post graduated in financial markets (FAAP) and MBA in Economy of Financial Sector (USP - Universidade de Sao Paulo). His academic activities comprise teaching Risk and Banking Management at Mackenzie University, and he has also added to his academic resume several short-term courses in Brazil and abroad.

He developed a wide professional background in banking administration, and currently is in charge for the management of the Operational Risk at Banco Bradesco and is the Coordinator of the Commission of Operational Risk of FEBRABAN (Brazilian Banks Association), issuing articles related to internal controls and operational risk on behalf of that association. Ronaldo has also been a member of the Global Association of Risk Professionals (GARP) since 2002. He is currently one of GARP's most active members in the Brazilian chapter. Before joining Bradesco Organization he worked as Director of Banco Mercantil de Sao Paulo (Finasa Group), and previously that, worked at Banco Panamericano and Silvio Santos Group Holding.



Expedito Afonso Veloso

Expedito Afonso Veloso graduated in Economics from Universidade Federal de Viçosa (MG) and have a Master degree in Economics from EPGE/FGV (RJ). He joined Banco do Brasil 15 years ago, working in International and Finance Divisions and Risk Management. He is currently the General Manager of the Risk Management Unit, responsible of market, liquidity, credit and operational risk management. He also teaches Statistics at FGV and Finance at Universidade Católica de Brasília.

B. San Francisco

Thursday, June 10, 2004

Omni Hotel

500 California Street (at Montgomery)

San Francisco, CA

3 p.m. - 4:30 p.m.

For FREE registration, please [click here](#).

Panelists:

- **Todd Folle (Chairperson), CFA**
- **Deepak Gulrajani, President, Descartes Capital**

Synopsis:

Convertible bonds are unique in that they require knowledge of both the debt and equity valuations. Mr. Gulrajani will be discussing arbitraging the risk premium found across debt and equity markets expressed primarily through convertible bond and capital structure arbitrage strategies. Mr. Gulrajani will discuss these arb strategies utilizing Descartes' research combined with quantitative valuation of convertible bonds, equities and high yield bonds in determining its 25-40 hedge fund security positions. Also discussed will be how Descartes Capital's investment discipline focuses on fundamental primary and secondary research into sectors and companies to assess equity and credit valuation.

Speaker Biography:

Deepak Gulrajani is the founder and chief investment officer of Descartes Capital, based in San Rafael, CA. Descartes Capital is a hedge fund management company founded in

2003 that specializes in corporate securities arbitrage. From 1997 to 2003 Deepak ran the fixed income arbitrage group at Symphony Asset Management in San Francisco. His prior professional positions included three years as Chief Investment Strategist, Fixed Income at Barclays Global Investors and six years with Barra, first as a quantitative analyst and then as manager of the fixed income research and finally as Director, Fixed Income Strategies.

Deepak has an MBA in Finance from New York University and a B.Tech. in Computer Science from the Indian Institute of Technology, Bombay.

C. Zurich

Thursday, June 24, 2004
Rentenanstalt Swiss Life
General Guisan-Quai 40
8001 Zurich
12:00 p.m. – 1:30 p.m.

Speaker:

Paul Andrew Cannon, Swiss Re

The topic:

“Risk Surveys and Scenarios in Risk Management”

Meeting Synopsis:

Paul Andrew Cannon will discuss the following subjects within the context of Swiss Re’s Financial Services Business Group:

Subject: Swiss Re Financial Services Business Group

- The business and risk landscape of FSBG
- The evolution of Risk Management within the FSBG
- How FSBG handles credit risk modeling

Risk Scenarios and Surveys

- Scenario parameters
- Survey results
- Application

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Please visit us at www.bobsguide.com.

Lista de Riscos

Founded in 1999, Lista de Riscos is the largest private online community in Latin America focused on risk management. Lista de Riscos' mission is to cover everything related to market risk, credit risk, operational risk, legal risk, corporate risk, sovereign risk, real options, funds & assets risk, energy risk, amongst other risks. The idea behind this community is provide a central point of contact and to spread the risk management culture to Brazilian risk managers from financial institutions, corporates and academics area.

Currently Lista de Riscos has over 2,700 members discussing the following topics: Value At Risk, Stress Testing, Duration, Greeks, Back Testing, Riskmetrics, Monte Carlo Simulation, Historical Simulation, Credit Scoring, Rating, BASEL 2, Legal Issues, and other topics. Once registered in the Lista de Riscos site, the members are able to use Forums to discuss the topics (**note that there is a special forum to discuss GARP's FRM exam and best practices**), Library (to have access to papers, articles, theses, white papers, presentations), Events (an agenda with the most important Seminars/Courses/Events in Brazil), Career Center (with the best opportunities in Brazil), News, Market Data, Suppliers (yellow page) and Links.

To visit Lista de Riscos, [click here](#).

Weather Risk Management Association

The 2004 WRMA Annual Meeting: “Banking on the Weather”

June 9-11th many of the world's leading weather risk management experts will gather at the Crowne Plaza Hotel in New York City to discuss how the market and applications for weather risk management tools continue to expand. Meeting attendees will hear from

distinguished speakers like Neil Ramsey, President & CEO of Ramsey Quantitative Systems, Inc., Vice Admiral Conrad C. Lautenbacher, Jr., Undersecretary of Commerce for Oceans and Atmosphere and NOAA Administrator, and Ulrich Hess, Chief Economist of World Bank, as well as a host of other industry experts.

Please reference this correspondence, and you can attend at the current WRMA member rate. All conference information is available on the WRMA website, www.wrma.org