

FINANCIAL TIME

Immigration - thousands come to Spain. why - they want to work in the EU - It is not only a special problem

Japanese aa many decisions but not all are good

BRIEFING



Nato 'too slow' on troop requests, says Browne

UK defence minister Des Browne (above), speaking the day before a Slovenia meeting of Nato defence ministers, said Nato takes too long to build forces for its missions. **Reports, Page 8; Editorial Comment, Page 18**

GSK wins part of EU case

GlaxoSmithKline secured a potentially far-reaching win in a protracted legal battle between Europe drugs groups, antitrust regulators and traders that ship drugs between EU states. **Page 10; Editorial Comment, Page 18**

Standard Life £100m hit

Life insurer Standard Life was forced to make a surprise £100m provision for customers giving up policies. **Page 21; Lex, Page 20**

French state stake-sale

France's finance minister said he would raise €5bn-€10bn (£3.3bn-£6.7bn) next year by selling some of the state's stakes in listed companies. **Page 10**

China urges US on tariffs

China called on the US to drop a bill that would impose 27.5 per cent tariffs on Chinese imports in retaliation for Beijing's alleged undervaluation of its currency. **Page 11; Lex, Page 20**

Case for rate rise grows

Eurozone corporate borrowing grew last month at the fastest rate since 1999, strengthening the case for a further rate rise next week. **Page 10**

Japan to woo Beijing

The administration of Shinzo Abe, Japan's new prime minister, stepped up calls for normal relations with China, with a call for a summit. **Page 9; Japan's best chance, Page 19**

EU delays 'shoes' vote

EU member countries delayed a vote on anti-dumping tariffs on

Derivatives regulation must be 'borderless'

■ FSA, Fed and SEC call for global collaboration

By Gillian Tett in London and Anuj Gangahar in New York

Three of the world's most powerful financial regulators have taken the unusual step of issuing a joint warning that individual nations cannot contain some of the risks posed by the explosive growth of derivatives and must collaborate across borders.

The dramatic pace of integration and innovation in over-the-counter global markets makes it increasingly difficult to solve problems with "a local or national solution", top officials from the UK Financial Services Authority, the Federal Reserve Bank of New York and the US Securities and Exchange Commission write in the Financial Times today.

"In a more integrated global market, we will increasingly find ourselves compelled to pursue borderless solutions," write Timothy Geithner, president of the New York Fed; Sir Callum McCarthy, chairman of the FSA; and Annette Nazareth, a commissioner at the SEC.

The comments come after leading global investment banks, institutional investors and international regulators met at the New York Fed yesterday to discuss industry initiatives to improve back-office systems for derivatives trading. The move follows concern last year that back-office backlogs were so serious they could create systemic problems if not addressed.

At the meeting, regulators said a process of co-operation between the US and European regulators last year had cut credit derivatives backlogs, but warned the

industry still needed to tackle serious backlogs in the equity derivatives world. Their comments prompted the International Swaps and Derivatives Association to declare that it would take urgent action.

In the FT article, the regulators suggest the US-European initiative could act as a model for co-operation on broader issues.

"In the case of derivatives, a local or national solution would have been insufficient to protect domestic financial markets from the risks posed by market practices," they said. "To fix the credit derivatives problem, it was necessary to involve a large and diverse pool of financial institutions. No firm or national authority had the capacity to make progress on its own."

The comments will be watched in the financial industry. Although US and European regulators have co-operated behind the scenes in recent years, this has been discreet, since national supervisors have been expected to handle problems in their local markets. As a result, when Long Term Capital Management, the US hedge fund, imploded in 1998, the New York Fed facilitated rescue efforts by local, Wall Street investment banks.

However, the growing integration of capital markets is making it easier to transmit shocks across borders. When Amaranth, the US hedge fund, lost \$6bn (£3.2bn) this month in US gas markets, this triggered a massive firesale of its loans in London.

A safer strategy, Page 19
Lex, Page 20
Hedge fund regulation, Page 29

Flying visit Iran's nuclear negotiator meets Solana



Iran's nuclear negotiator Ali Larijani (right) greets European foreign policy chief Javier Solana after flying to Berlin for talks - a meeting announced only hours before the Iranian official's arrival. Mr Larijani was to have met Mr Solana in New York last week, but failed to show up. French officials said Mr Larijani offered to consider a

temporary suspension of Iran's uranium enrichment at a meeting with Mr Solana two weeks ago. Western diplomats said details of this possible suspension were on the agenda last night.

In Tehran, however, President Mahmoud Ahmadi-Nejad told a local news agency: "Today, western countries want us to suspend

our nuclear technology, but we say to them that we will never give it up."

The Washington Times reported this week Iran was close to a deal that would include a 90-day suspension of enrichment and clear the way for talks. But Iran dismissed the report.

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