
Alan Rechtschaffen*
Fordham University School of Law sponsors a class on Derivatives and Risk Management, which I teach. In this class we synthesize mathematics, economics, and legal analysis to demonstrate the regulatory framework in which the derivatives market operates.

Recent headlines emphasize that the regulatory scheme is inseparable from the economic nature of these financial risk management tools. Participants in this market, members of corporate boards of directors, their counselors and advisors must begin a learning process on the nature of regulatory responsibility in this multi-trillion dollar industry. Today we are going to discuss how that regulatory scheme is affected by the economic realities of an ever-changing financial marketplace. Through enhanced understanding of market realities, regulators, academicians and market participants can work together to create a more stable world financial marketplace.

Our conference is especially timely. Our global economy is in an exciting period of change. We have a new currency, the Euro. Perhaps the regulatory structures of the “new Europe” will determine the success of that currency. This is a time when the

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** Chairperson, Fordham Derivatives & Risk Management Symposium. Prof. Rechtschaffen is a member of the faculty of Fordham University School of Law.

price of Yahoo! and the internet stocks has become as important as the price of the Thai Baht and the Brazilian Real.

Today we are going to talk about new market developments, new opportunities, and new market risks. The history of the law of derivatives and risk management is a story of headlines, scandals, and rogue traders. Recently, regulatory excitement surrounded a hedge fund called Long-Term Capital Management ("LTCM"). The story of LTCM and the steps taken by those involved to insure a well-functioning financial market will set the stage for tomorrow’s regulation. Several of the guests at today’s

symposium participated in a direct and meaningful way in the story of LTCM. Today we will discuss, among other topics, what events like the near-collapse of LTCM may mean for long-term regulation.

New regulatory schemes will have broad effects on our world financial markets. Recently, the heads of major banks and market participants met in New York to discuss self-regulatory initiatives for the derivatives market place. This reaction to the recent market headlines reminds me of something Thomas Paine said: "[P]anics, in some cases have their uses; they produce as much good as hurt. Their duration is always short; the mind soon grows through them and acquires a firmer habit than before."

We are here to discuss new solutions. Hints as to the future of market regulatory momentum may be revealed in today's proceedings. The participants at the Fordham Derivatives and Risk Management Symposium will help guide market participants, readers, regulators, directors and officers in their participation in the global economy.

Our economy is strong. The stock market in America may get stronger, with increasing technological innovations and low interest rates. The economy may be on the verge of the greatest revolution since the turn of the last century by virtue of the speed of information flow, the miniaturization of goods, and the globalization of the world economy. Today's symposium will give us insight into the past, and foresight into the future of our global markets and the world economies.

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Notes and Observations