

Opening remarks-Tommaso Padoa-Schioppa Lecture

Michel Prada July 9 2014 London

Ladies and Gentlemen, good evening.

On behalf of the Trustees of the IFRS Foundation, the European University Institute EUI, and the Padoa-Schioppa family, I thank you for joining us for this inaugural memorial lecture in celebration of the life and achievements of Tommaso Padoa-Schioppa.

Tommaso's brother had hoped to be with us this evening but he had to change his plans at the last minute due to unforeseen circumstances. However, he sent me a letter and I would like to read to you his comments. He said:

"I want to express, as brother of Tommaso, the deepest gratitude for this initiative. The ideas, the ideals and the work accomplished by Tommaso are still with us and will survive his premature death. And it is for comfort to see that an institution like the IFRS Foundation, that he served with enthusiasm in two phases of his life, is aware of his contribution and cares to preserve the memory of his work and personality."

Tommaso was a dear friend and colleague to many of us in the room today, including myself. He devoted his professional life to the public interest and became a prominent figure in the financial community and among the pro-Europe activists.

He joined the Bank of Italy in 1968 and then developed a brilliant career. He was Vice Director General of the Bank for more than 12 years and he was appointed Chairman of the Italian Securities Regulator, the Consob, in 1997. When the European Central Bank was established in 1998, he served on the first six-member Executive Board. In May 2006, he was appointed Minister of Economy and Finance in the government of Romano Prodi. In his different capacities he became involved in a number of international think tanks and institutions: he was a member of the influential Group of Thirty, Chairman of the Basel Committee, Chairman of the Committee on payments and settlement systems and Chairman of the top policy committee of the International Monetary Fund, to name but a few.

Perhaps Tommaso was best known as one of the founding fathers of the Euro. Indeed, the legendary central banker Paul Volcker, who has sent his regrets for not being able to attend today, once referred to Tommaso as 'Europe's ambassador to the financial world' as well as 'a great European, a great central banker and a fine personal friend'.

He was also a leading academic, and a brilliant intellectual. He taught at several prominent universities, including the European University Institute, and published enlightening books, on the Euro, on financial regulation and, of course, on Europe, "una pazienza activa".

Since October 2005, he had been Chairman of a Paris based "think tank", Notre Europe, and never abandoned his commitment to the European enterprise.

I first met Tommaso in 1997. While Mario Monti had launched the Financial Services Action Plan that would be implemented through the so-called Lamfalussy process, mostly by Frits Bolkestein, we were both worried to see securities regulators lacking any real European co-ordination. Marco Onado, our Italian Trustee and a former Commissioner of the CONSOB, shares with me the recollection of these days. European Securities regulators would meet only once a year for a working session followed by a nice lunch somewhere in one of the then 15 EU members. Together with our fellow regulators, we set up the first Forum of European Securities Regulators, the FESCO, a self-organised predecessor to CESR and then ESMA. Our first operational meeting was hosted by Tommaso in Florence, at the EUI, and I shall never forget Tommaso's hospitality, efficiency, subtle diplomacy and humour in leading us to design our organisation and working process. He was already an experienced internationalist, and even though he was fundamentally a central banker, European securities regulators owe him a lot.

His connection to the work of the IFRS Foundation was deep-rooted. In 2005 he succeeded Paul Volcker as Chairman of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB). His term was cut short when in 2006 he was asked to become Minister of Finance of Italy. When the financial crisis hit, Tommaso and I again served together in 2009, on the Financial Crisis Advisory Group to the IASB and the FASB, who were willing to converge their joint response to the financial crisis. The Group was co-chaired by Harvey Goldschmidt and Hans Hoogervorst, who would become David Tweedie's successor.

Tommaso and I took very similar views and I believe he was very instrumental in helping to define the delicate balance between the passionate defenders of full fair value versus historic cost, and incurred loss versus dynamic provisioning. Tommaso then naturally returned once again to Chair the IFRS Trustees in 2010—a position he held at the time of his passing.

While his terms at the IFRS Foundation were brief, because of destiny, his impact was significant. During 2010, Tommaso personally took charge of a far-reaching Strategy Review of the organisation that set out to consolidate the quite remarkable gains of the previous decade, while equipping the Foundation with the necessary resources to fulfil its mandate as a global accounting standard-setter. Today, with International Financial Reporting Standards mandatory for use in more than 100 countries, we are very close to achieving the goal defined by IOSCO in the early 2000: to provide market participants with one financial reporting language for the purpose of cross-border listings and transactions.

In little more than 10 years, IFRS has become the de facto global standard for financial information. All significant markets in the world use it for international business and a huge majority have adopted it for domestic use. Indeed, the world has transitioned to IFRS, providing a high quality global standard to enhance comparability, reduce risk and cost, and thus promote capital flows and global growth, an objective the G20 is now focused upon.

Although Tommaso was a proud European, he recognised that global policy solutions were required to solve the many challenges of capital markets—hence his long-standing support for IFRS as global standards. That is why at the time of his passing, the Trustees decided to join with the EUI and the Padoa-Schioppa family to create an annual lecture in honour of this great man

As well as celebrating Tommaso's professional achievements, we should not forget his personal charm, warmth and charisma—all delivered with a wry smile. Spending time in Tommaso's company was always an enjoyable experience and his legacy will live on in the hearts and minds of those who had the pleasure of working with him.

This event is to celebrate the life of an international statesman, a proud European and a friend. It is a testament to Tommaso's achievements that Mario Draghi, President of the European Central Bank, has agreed to travel to London in order to give this inaugural lecture in his honour.

I am grateful to President Draghi for his presence today and look forward to an informative and stimulating lecture. The slides, as well as a video recording of this event, will be posted on the IFRS website shortly.

I would also like to thank Professor Richard Portes for agreeing to offer a few words at the end of the lecture. As well as being a Professor of Economics at the London Business School, Richard has recently taken up the post of Tommaso Padoa-Schioppa Chair at the European University Institute. Although Richard was born in the United States, he is a UK citizen and also a Continental European: He teaches economics in Paris and is a true Parisian by heart due to his love of all things French, especially his wife.

So, we have an excellent programme for you this evening—a programme that befits the memory of an excellent person. I do hope that you will join us for food and drinks immediately afterwards in the café.

I wish you a fruitful evening and I now invite Mario Draghi, President of the European Central Bank, to give the memorial lecture.