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Nihon-Hastings Conference--Foreword

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FOREWORD

The idea for a series of conferences between Nihon University and Hastings College of the Law was born in the halls of the California Legislature. Hastings officials and staff members of the California Commission on Corporate Governance, collectively the "McCorquodale Commission," decided that this conference should not be held under the auspices of any governmental entity, American or Japanese. It was designed, instead, to bring knowledgeable individuals together, outside the realm of government, to describe and discuss some of the current issues arising out of the rapid globalization of the world's securities markets. Because Nihon University and Hastings have long had an academic exchange program, the two organizations agreed to co-sponsor the conferences.

Securities markets, as part of an emerging globalized financial system, are now taking on central importance in an increasingly complex world economy. Recent advances in computer and communication technologies negate traditional trading constraints such as natural boundaries and time zones. Financial trading activities now continue around the clock with participants from around the world. There is clearly a trend towards closer linkage among nations' economies and finances. However, close interdependence has also made far more plausible and frequent a financial chain reaction such as Black Monday, the October market crash of 1987. Moreover, trade friction exists among nations, including the United States and Japan. Thus, fast-changing realities strongly demand the liberalization and equalization, technically as well as legally, of the world's financial markets.

New York, London, and Tokyo are major financial centers. Because of their international responsibilities, Japan and the United States are expected to play leading roles in managing the liberalization and equalization of the world's securities markets.

Markets are ripe with potential, but they are developing in several directions. A clear scope of global harmony must be achieved to redirect these markets.

The initial conference in September 1990, which was held in Tokyo, Japan, focused on the globalization of securities markets with primary emphasis on U.S.-Japan trading and on recognizing the allied problems and issues relating to the Strategic Impediments Initiative agreement.

Specifically, as the program shows, the themes were:

- * Distinctive aspects of securities transactions molded by cultural, social, economic, and political differences.
- * The nature of political, regulatory, and legal problems in developing a globalized securities market, including issues concerning the misuse of information and disclosure requirements.
- * Emerging issues associated with twenty-four hour world securities and currencies trading, including transaction and settlement rules, capital adequacy, and the need for dependable information and its transmission.
- * Emerging tax and revenue issues related to policy and technical concerns, including disparate treatment of capital gains and the collection and allocation of potential special fees for use in improved oversight.
- * Opportunities and barriers to other nations' investments including antitrust and national interest provisions, limiting control, and viable provisions for investor protection.
- * Dispute resolution and settlements, including choice of law and issues of jurisdiction.

The second conference, to be held in San Francisco, is scheduled for Spring 1992 and will build upon the results of the Tokyo conference. That conference will focus on proposals for improving a global securities market beyond the U.S.-Japan bilateral framework. The expected proposals would be designed to meet various demands of the emerging financial age, including the equalization of institutions.

My colleagues—Shingenori Kinoshita, President of Nihon University; Heizaburo Sonoda, Dean, College of Commerce, Nihon University; and James E. Mahoney, Chairman of the Board, U.C. Hastings College of the Law—join with me in extending sincere appreciation to organizations whose financial and in-kind assistance made this conference possible. These principal supporters and sponsors are acknowledged in the program. The dedicated work of both the U.S. and Japanese conference planning teams is also deeply appreciated.

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