



Cobden Partners

Biography of Gordon Kerr

Career Main Points

Gordon Kerr's curriculum vitae as a capital markets specialist contains three main points:

- **2001**; applied credit derivative technology to convert Abbey (Santander)'s multi-billion insured bond portfolio into derivative exposure for regulatory capital purposes. The effect of this was to bring forward profits and substantially re-leverage the bank's equity. This structure was then quickly copied by multiple banks throughout Europe, enhancing their instability;
- **1998 – 2004**; pioneered the development of derivatives in the UK home equity release (for people aged 65+) market;
- **1991 – 1996**; designed and structured residential mortgage and home rental securitization eurobonds in Sweden, Finland, the UK and other European countries.

Further Background

From 1983 Gordon Kerr worked as a capital markets investment banker for Bank of America, Merrill Lynch, Nomura Securities, Abbey National (now Banco Santander), and General Re Financial Products (a subsidiary of Berkshire Hathaway).

In 2003 Kerr and his Abbey colleague established their own firm (NK) as a debt capital markets consultancy. NK advised on debt, equity and risk management (derivatives) transactions for a range of businesses. NK clients included British merchant banks such as Close Brothers, life insurance companies and fund managers. NK also advised open ended investment funds on net asset value calculations and passive (risk neutralizing) currency risk management.

With specific reference to property assets, NK helped structure:

- a £500m house price index insurance to enable the transfer of a pipeline transfer of home reversion assets from a UK insurer to a UK bank;
- Insurance based 'no-loss guarantee' for speculative property developments undertaken by inheritance-tax driven partnerships;
- Currency hedging programmes for currency share classes of open-ended property investment funds;
- Tax effective home reversion scheme in conjunction with unit-linked life insurance.

NK was modestly successful, and Mr "N" retired in 2009. The partnership was then closed.

Cobden Partners Background and Company Information

In 2011 Kerr established **Cobden Partners** as a financial consultancy brand specialising in both banking crisis advice, and investment opportunities arising from the re-alignment of financial markets resulting from the Great Financial Crisis (GFC). Cobden Partners have completed a small number of private assignments for political parties and government entities in Europe.

Cobden Partners Limited is a privately-owned UK registered company. Its registered office is: c/o ODT Solicitors LLP, 4th Floor, 19 New Road, Brighton BN1 1UF.

The Company Number is 07782836 and its accounts are publicly available on the Companies House website. There are two shares in issuance, one owned by each of the directors:

Mr Gordon Alexander Kerr

Mr Charles Ramon de la Fuente (also the company lawyer)

Using this brand, Kerr has undertaken education and training assignments, mainly on a pro bono basis, and presented at a range of public and private events and business schools in an endeavor to promote awareness that European banking is in such worse shape than is publicly known, and now threatens to disrupt the structure of the euro.

Gordon Kerr – Public Profile

Kerr has a modest public profile for two reasons.

- Before the GFC, Kerr helped to design legislation in Sweden and other Nordic countries necessary for the establishment of residential mortgage securitisation. In the UK, his input to the government helped shape the tax rules regarding property derivatives.
- Since the Financial Crisis of 2008 Kerr has been asked for input on derivatives, accounting and general banking ‘instability issues’ by UK institutions such as Her Majesty’s Treasury, the Bank of England, and the main financial affairs scrutiny committee of the Parliament – the Treasury Select Committee. He has also been asked for advice by two committees in Brussels focussed on derivatives and accounting; one under the purview of the European Parliament, the other reporting to the European Commission (minutes available upon request).

Kerr has accordingly published various papers (see *Appendix*) on subjects such as derivatives and loan loss accounting, and flaws in the global regulatory capital rules for banks - the “Basel Rules”. In 2012 he was invited to become a Senior Fellow by the Institute for Research in Economics and Fiscal Issues, Luxembourg (IREF). Kerr is the lead author of IREF’s monthly Newsletter, which reports developments in central banking policy and likely impact on banking/ financial markets. The Newsletter is distributed to some 500 continental European institutions, ‘think-tanks’ and universities.

Appendix

Gordon Kerr, published works.

The November 2016 IREF Newsletter.

<http://en.irefeurope.org/November-16-Financial-and-Banking-Features-Newsletter,a1178>

all previous newsletters are available:

www.cobdenpartners.co.uk

Papers:

June 2016; “Stress Tests Show UK Banks Remain Subsidized but Unreformed” for Institute for Research in Economic and Fiscal Issues, Luxembourg.

http://en.irefeurope.org/SITES/en.irefeurope.org/IMG/pdf/stress_test_show_uk_banks_have_been_subsidized_but_remain_unreformed.pdf

March 2014; “The Case for Systemic Banking Reform” for Institute for Research in Economic and Fiscal Issues, Luxembourg. This paper (30 pages) analyses research based evidence of the decline of integrity in banking, and sets out a proposal to reverse this trend.

<http://en.irefeurope.org/The-Case-for-Systemic-Banking-Reform,a1034>

2012 Summer Edition, Cato Journal: “Monetary Reform in the Wake of the Crisis”, Chapter Co-Author “The Coming Fiat Money Cataclysm.”

<http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2012/7/v32n2-11.pdf>

December 2011 “The Law of Opposites, Illusory Profits in the Financial Sector”, Adam Smith Institute, London.

https://www.adamsmith.org/s/ASI_Law_of_opposites.pdf