

The Future of Regulatory Reform

4th October 2010

Venue: Grocers' Hall, London, EC2R 8AD

Morning Session

Chair: Richard Portes (CEPR and London Business School)

- 9.00 - 9.05** ***Opening remarks***
Patricia Jackson (Ernst & Young and CEPR)
Richard Portes (CEPR and London Business School)
- 9.05 - 9.50** ***“A Safer World Financial System: Improving The Resolution Of Systemic Institutions”***
Stijn Claessens (IMF, University of Amsterdam and CEPR)
- Discussion*
Vicky Pryce (FTI Consulting and CEPR)
- 9.50 - 10.35** ***“Banking resolution: lessons from the crisis”***
Xavier Freixas (Universitat Pompeu Fabra and CEPR)
- Discussion*
Jochen Sanio (BaFin)
- 10.35 - 10.45 Coffee
- 10.45 - 11.30** ***“Liquidity Regulation: The Choice Between Liquidity Risk Levies and Mandatory Liquidity Buffers”***
Javier Suarez (Centre for Monetary and Financial Studies, Madrid and CEPR)
- Discussion*
Oliver Burkart (Committee of European Securities Regulators)
- 11.30-11.45** ***Keynote speech***
José María Roldán (Banco de España)
- 11.45 -13.00** ***Panel Discussion: “Lessons from the Crisis”***
Chair: Patricia Jackson (Ernst & Young and CEPR)
Panellists:
Thomas Huertas (FSA)
Jochen Sanio (BaFin)
José María Roldán (Banco de España)
Carol Sergeant (Lloyds Banking Group)

13.00 - 14.00 Lunch

Afternoon Session

Chair: Patricia Jackson (Ernst & Young and CEPR)

14.00 - 14.45

“Shadow banking”

Tobias Adrian (Federal Reserve Bank of New York)

Discussion

Peter Praet (Banque Nationale de Belgique)

14.45 - 15.30

“Countercyclical capital buffers: A critical assessment of the Basel proposal”

Rafael Repullo (Centre for Monetary and Financial Studies, Madrid and CEPR)

Discussion

Thomas Huertas (FSA)

15.30 - 15.50

Coffee

15.50 - 16.35

“Fair Value Accounting and Procyclicality: Regulatory Challenges”

Christian Laux (Vienna University of Economics and Business)

Discussion

Patricia Jackson (Ernst & Young and CEPR)

16.35 - 17.50

Panel discussion: “The implications of Dodd-Franks for European financial regulation”

Chair: Guillermo de la Dehesa (Banco Santander and CEPR)

Panellists:

Mark Austen (Association for Financial Markets in Europe)

Peter Praet (Banque Nationale de Belgique)

Benoît Coeuré (Direction générale du Trésor)

17.50-18.00

Concluding remarks

Patricia Jackson (Ernst & Young and CEPR)

Richard Portes (CEPR and London Business School)

Biographies

Tobias Adrian is a Vice President of the Federal Reserve Bank of New York, with the Capital Markets Function of the Research Group. His research covers asset pricing, financial intermediation, and macroeconomics, with a focus on the aggregate implications of capital market developments. He has contributed to the NY Fed's financial stability policy and to its monetary policy briefings. Tobias Adrian holds a PhD from MIT and an MSc from the London School of Economics. He has taught at MIT and Princeton University.

Mark Austen is chief operating officer of the Association for Financial Markets in Europe, which was formed in November 2009 from the merger of the London Investment banking Association (LIBA) and the European arm of the Securities and Financial Markets Association (SIFMA). AFME represents a broad array of European and global participants in the wholesale financial markets, and its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. Prior to joining AFME, Mark worked for MTS Group, the European trading platform for fixed income securities, where he was head of Legal and Compliance. Prior to MTS, he spent three years as head of an international environmental web portal. He is a member of the Canadian Bar and holds an LLM from the London School of Economics; an LLB from Osgoode Law School, Toronto; and a BA (Hons) from McMaster University, Ontario.

Oliver Burkart is Director for Supervisory Convergence and Economic Analysis at the Committee of European Securities Markets Regulators (CESR) in Paris. He studied economics, statistics and econometrics in France (Université Paris I - Panthéon Sorbonne, ENSAE), Germany (Universität Bonn) and the UK (London School of Economics). He also worked in these three countries: first, in France, at the economic research center CEPREMAP, the Ministry of Finance (Direction de la Prévision), and Banque de France/Commission Bancaire - the French banking supervisory authority, accompanied by teaching activities at Ecole Nationale de Statistique et d'Administration Economique, Ecole Nationale des Ponts et Chaussées, and ESSEC; then in the UK, first in Central Policy (Division Economics of Financial Regulation), then in the Chairman's Office of the Financial Services Authority (FSA), where he was in charge of European strategy; finally in Germany, where he held the position of Head of Financial Stability at Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Stijn Claessens is Assistant Director in the Research Department of the International Monetary Fund (where he leads the Financial Studies Division), and a CEPR Research Fellow. He is also a Professor of International Finance Policy at the University of Amsterdam where he taught for three years (2001-2004). He started his career teaching at New York University business school (1987) and then worked earlier for fourteen years at the World Bank in various positions (1987-2001). Prior to his current position, he was Senior Adviser in the Financial and Private Sector Vice-Presidency of the World Bank (from 2004-2006). His research has been published in the Journal of Financial Economics, Journal of Finance and Quarterly Journal of Economics. He had edited several books, including International Financial Contagion (Kluwer 2001) Resolution of Financial Distress (World Bank Institute 2001), and A Reader in International Corporate Finance (World Bank).

Benoît Cœuré is Deputy-Director General of the Treasury and Economic Policy at the French Ministry of Economy, Industry and Employment, a role he has held since June 2009. In this position, he acts as the chief economist of the Treasury and coordinates the Treasury's functions in the fields of economic policy, trade promotion and export credit, and international

coordination on financial stability. From 2007 to 2009, he has served as France's Assistant Secretary for Multilateral Affairs, Trade and Development, co-president of the Paris Club and G8 finance sous-sherpa for France. He was the co-chair of G-20 working group on reforming the World Bank and the other multilateral development banks in the run-up to the G-20 London Summit. He has previously been chief economic adviser to the permanent head of the French Treasury between 1997 and 2002 and deputy CEO, then CEO of Agence France Trésor, the French debt management office, between 2002 and 2007. Mr Coeuré is a graduate of École polytechnique in Paris. He holds an advanced degree in statistics and economic policy of École nationale de la statistique et de l'administration économique (ENSAE) and a B.A. in Japanese. He also teaches international economics and economic policy at Ecole polytechnique in Paris. He has authored articles and books on economic policy, the international monetary system and the economics of European integration, including *Politique économique* (US version forthcoming in 2010 at Oxford University Press) and *Dealing with the New Giants: Rethinking the Role of Pension Funds* (CEPR, 2006).

Guillermo de la Dehesa, Former secretary of state of economy and finance and secretary general of commerce of the Spanish Government and deputy director general of Banco de España. He is an independent director of Banco Santander, of Amadeus IT Holdings, of Campofrío Food Group and chairman of Aviva Corporación. He is also an international advisor of Goldman Sachs. He is chairman of the Centre for Economic Policy Research (CEPR), member of the Group of Thirty G30 in Washington, member of the Euro 50 Group in Brussels, chairman of the board of trustees of the IE Business School in Madrid, chairman of the OBCE, the Spanish ECB watcher in Madrid, chairman of NEREC, member of the international advisory board of CREI, at Universidad Pompeu Fabra in Barcelona, member of the executive board of the ICC in Paris and a monetary expert of the ECON committee of the European Parliament.

Xavier Freixas is Dean of the Undergraduate School of Economics and Business Administration and Professor at the Universitat Pompeu Fabra in Barcelona (Spain), and a Research Fellow. He is past president of the European Finance Association and has previously been Deutsche Bank Professor of European Financial Integration at Oxford University, Houlton Norman Senior Fellow of the Bank of England and Joint Executive Director Fundación de Estudios de Economía Aplicada FEDEA), 1989-1991, Professor at Montpellier and Toulouse Universities. He has been cooperating with Commissariat General au Plan (Paris), Commissariat General au Plan (Paris). He has been a consultant for the European Investment Bank, the New York Fed, the European Central Bank, the World Bank, the Interamerican Development Bank, MEFF and the European Investment Bank.

Thomas Huertas is Banking Sector Director of the FSA. In this capacity Thomas is responsible for strengthening the FSA's risk identification and mitigation capabilities in the banking sector, improving the FSA's resolution capabilities (e.g. 'living wills') and coordinating the FSA's policy positions with respect to banking regulation. He also has oversight of the implementation of the FSA's Code on remuneration practices in the banking industry. Thomas has previously acted at the FSA as Managing Director of Wholesale and Institutional Markets and as Director of Supervision for Wholesale Firms. Since 1 September 2009 Thomas has held the position of Vice Chairman of the Committee of European Banking Supervisors (CEBS) and is also a Member of the Basel Committee on Banking Supervision. Thomas has extensive experience as a banker and has published widely on banking and financial issues. His book on the financial crisis, *Crisis: Cause, Containment and Cure* was published by Palgrave Macmillan in 2010. He holds a PhD in Economics from the University of Chicago.

Patricia Jackson leads the Ernst & Young Prudential advisory practice across EMEIA, covering capital, liquidity and stress testing. She has been a partner at Ernst & Young since end 2004. Until December 2004 she was a senior official of the Bank of England and was a member of the

Basel Committee for Banking Supervision for seven years and led a number of aspects of the development of Basel II. As head of the Bank of England's Financial Industry and Regulation Division she led the research and policy within the Bank on the development of risk based regulation and new risk measurement techniques such as VaR and credit risk modelling as well as stress testing. She has published a number of papers on credit risk modelling and bank capital. Patricia is an Adjunct Professor at Imperial College and chaired a working group for the Institute of International Finance on the causes of the credit crunch and the securitisation market. She is a Trustee of the Centre for Economic Policy Research (CEPR).

Christian Laux is Professor of Finance at the Vienna University of Economics and Business and program director at the Center for Financial Studies (CFS). He is also a Research Associate at the European Corporate Governance Institute. He was Professor at the Goethe University Frankfurt and held visiting positions at the University of Chicago Booth School of Business, Wharton School, University of Pennsylvania, London School of Economics, and Harvard University. His research interests include the role of fair-value accounting in the financial crisis and the structure of risk transfer.

Richard Portes, Professor of Economics at London Business School, is Founder and President of the Centre for Economic Policy Research (CEPR), Directeur d'Etudes at the Ecole des Hautes Etudes en Sciences Sociales, Secretary-General of the Royal Economic Society, and Senior Editor and Co-Chairman of the Board of Economic Policy. He is a Fellow of the Econometric Society and of the British Academy. He is a member of the Group of Economic Policy Advisers to the President of the European Commission, of the Steering Committee of the Euro50 Group, and of the Bellagio Group on the International Economy. Professor Portes was a Rhodes Scholar and a Fellow of Balliol College, Oxford, and has also taught at Princeton, Harvard, and Birkbeck College (University of London). He has been Distinguished Global Visiting Professor at the Haas Business School, University of California, Berkeley, and Joel Stern Visiting Professor of International Finance at Columbia Business School. His current research interests include international macroeconomics, international finance, European bond markets and European integration. He has written extensively on globalisation, sovereign borrowing and debt, European monetary issues, European financial markets, international capital flows, centrally planned economies and transition, macroeconomic disequilibrium, and European integration.

Peter Praet was appointed executive director of the National Bank of Belgium in 2000 and is responsible for financial stability. In 2002 he was also appointed to the Management Committee of the Belgian Banking, Finance, and Insurance Commission (CBFA), where he is responsible for prudential policy for banking and insurance. Before joining the National Bank, Mr. Praet served as chief of cabinet for the Belgian Minister of Finance from 1999-2000, as chief economist of Générale de Banque and Fortis Bank from 1988-1999, as professor of economics at the Université Libre de Bruxelles from 1980-1987, and as economist at the International Monetary Fund from 1978-1980. Mr. Praet earned a Ph.D. in economics from the Université Libre de Bruxelles in 1980. He currently teaches money and banking at the Université Libre de Bruxelles, and from 2001-2004 he held the Chair of Business Ethics at the Faculté polytechnique and the Solvay Business School of the Université Libre de Bruxelles. Mr. Praet serves on several high-level international committees, including the Basel Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the Committee on the Global Financial System, the Committee of European Banking Supervisors, and the Banking Supervision Committee of the ESCB as Chair. He is an alternate director of the Committee of G10 Governors and the International Monetary and Financial Committee. He is also co-chair of the Research Task Force of the Basel Committee on Banking Supervision. Mr. Praet is a member of the board of the European think tank Bruegel (Brussels European Global Economic

Laboratory) and a member of the International Advisory Council of the International Centre for Financial Regulation (ICFR).

Vicky Pryce is a Senior Managing Director in FTI's Economic Consulting practice, and is based in the London office. Vicky joined FTI in September 2010 and leads on business economics, working with leading companies on issues from corporate strategy to public policy. Prior to this, she was Director General, Economics & Chief Economic Adviser, Department for Business, Innovation and Skills (BIS) (formerly BERR), 2002-2010 and Joint Head, UK Government Economic Service, 2007-2010. Vicky is a member of the Secretary of State for Business Panel on monitoring the economy and also a member of Vince Cable's Business Advisory Group. Vicky has served in the role of partner and Chief or Corporate Economist at several organisations, including London Economics, KPMG, ESSO Europe and Williams & Glyn's Bank (later RBS). She was also instrumental in the creation of GoodCorporation, a company formed to promote Corporate Social Responsibility. Vicky is a visiting Professor at the CASS Business School, a fellow of the Society of Business Economists, Adjunct Professor at Imperial College Business School and a visiting Fellow at Nuffield College, Oxford. She is on the Council at the University of Kent and on the Advisory Board for the Centre for International Business and Management (CIBAM) at the Judge Institute at Cambridge University. She has also been a member of the Standing Advisory Group of the Financial Reporting Review Panel (FRRP), and of the International Advisory Board of British American Business Inc (BABI). She serves as a Fellow at the RSA and a Freeman and Liveryman at the City of London and currently first Warden of the Worshipful Company of Management Consultants. She is also on the Board of Trustees at the Centre for Economic Policy Research (CEPR) and Patron of "Pro-Bono" Economics.

Rafael Repullo is Professor of Economics and Director of the Centre for Monetary and Financial Studies (CEMFI) in Madrid, and a CEPR Research Fellow. He is also Executive Vice-President of the Econometric Society, Fellow of the Econometric Society and of the European Economic Association, and Founding Member of the European Corporate Governance Institute. He holds a PhD in Economics from the London School of Economics. He has been a Houlblon-Norman Fellow at the Bank of England, and has held visiting appointments at the European Central Bank, the Federal Reserve Board, the Federal Reserve Bank of Minneapolis, the Federal Reserve Bank of New York, the London School of Economics, and the Universities of Columbia, Pennsylvania, Princeton, and Tel Aviv. He has served as Co-Director of the CEPR Financial Economics Programme. His recent research is in the areas of banking and finance. He is currently Co-Editor of the International Journal of Central Banking.

José María Roldán has been Director General of Banking Regulation of the Bank of Spain and member of its Executive Board since October 2000. He is currently a member of the Basel Committee on Banking Supervision (BCBS), and the Committee of European Banking Supervisors (CEBS). From January 2009 he is the Chairman of the Standards Implementation Group (SIG, formerly the Accord Implementation Group). Since January 2007 to January 2009, he was the Chairman of the Accord Implementation Group (AIG). Since 2005 to January 2009, he was a member of the Advisory Board of XBRL International. During 2004 and 2005, Mr. Roldán was also the Chairman of the Committee of European Banking Supervisors (CEBS). Since April 2004 until April 2007, he was the Chairman of XBRL Spain. In 2002 and 2003 he chaired the Joint Forum during the tenure of the Basel Committee of Banking Supervision (BCBS). From June 2000 until July 2001, he was the President of the FATF (Financial Action Task Force on Money Laundering). He also chaired the Banking Advisory Committee (BAC) during 2003. Mr. Roldán was under-secretary of state and Chief of Staff of the Vice-President of the Spanish Government and Minister of Economy and Finance, Mr Rodrigo Rato, during 1996 and 1997. Following his responsibilities at the Ministry, he was appointed one of the five executive members of the Board of the Spanish Securities and Exchange Commission (CNMV),

in which he held the executive responsibility for Strategy (General Directorate for the coordination of regulation with the Ministry of Economy and Finance) and Market activity (General Directorate for the promotion of market performance). In 1989, he joined the Bank of Spain as Senior Economist of the Research Department. In 1994 he took up a post at the European Monetary Institute (the forerunner of the European Central Bank) in Frankfurt. José María Roldán studied Economics at *Universidad Complutense* in Madrid, from 1982 to 1987, where he graduated in Business and Economic Science. He completed his post-graduate studies between 1987 and 1989 at the Centre of Monetary and Financial Studies (CEMFI).

Jochen Sanio was born on 29 January 1947 in Hameln/Weser in Lower Saxony, Germany. From 1966 until 1971 he studied law in Berlin and Geneva. He passed the first state examination for entry to the legal preparatory service in 1971, in 1974 he passed the second state examination permitting him to commence professional practice. In the same year he started working for the former Federal Banking Supervisory Office (Bundesaufsichtsamt für das Kreditwesen – BAKred) where he was head of various sections within the Policy Department and afterwards Head of the Policy Department. From 1995 until 2000 Jochen Sanio was Vice President of the Federal Banking Supervisory Office and from 2000 until 2002 he occupied the position of its President. In 2002 Jochen Sanio became President of the newly founded Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). BaFin as a single financial regulator supervises banks, financial services institutions, insurance companies and securities trading. While being a member of the Basel Committee on Banking Supervision Jochen Sanio took part in shaping the capital standard Basel II. Jochen Sanio is member of the FSB (Financial Stability Board). He is married and has two children.

Javier Suarez is Professor of Banking and Finance at CEMFI, Madrid, and a CEPR Research Fellow. He earned a PhD in Economics at Universidad Carlos III de Madrid. After a postdoctoral stay in Harvard University, he became a lecturer at the London School of Economics in 1994. He joined CEMFI in 1996, where he became a tenured Associate Professor in 2001 and a Full Professor in 2004. His research and teaching activities cover mainly the areas of corporate finance and banking, with a special focus on applications of contract theory and the analysis of bank regulation, venture capital, and the linkages between macroeconomics and finance. He has published in top economics and finance journals, including *Journal of Political Economy*, *Journal of Finance*, *Review of Economic Studies*, *Journal of Economic Theory*, *Journal of Monetary Economics*, and *Review of Financial Studies*. He is an associate editor of the *Journal of the European Economic Association* since 2009. In 2006 he won the Fundacion Banco Herrero Prize for Spanish researchers younger than 40 years old in the fields of economics, business, and social research. Since the start of the financial crisis, he has participated in numerous initiatives bringing together academics and policy makers for the discussion of key challenges for policies regarding banks, their regulation, and the wider implications for the economy.

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