

Issues Raised by the Global Financial Crisis of 2007-??

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Rethinking Financial Regulation for the 21st Century

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Issues

1. Regulation of Banks

- Off-balance sheet activities
- Capital adequacy
- Liquidity
- Leverage
- Risk management and stress testing
- Living wills
- Volcker, Vickers, Liikanen

Issues (contd.)

2. Regulation of Shadow Banking and Related Markets and Institutions

- Securitization and structured finance
- Conduits, SIVs
- Broker-dealers, investment banks
- MMMFs
- Finance companies
- Repo market
- Collateral availability, management, & reuse

Issues (contd.)

3. Regulation of Capital and Derivative Markets

- Short selling
- Transparency of OTC derivative markets
- CCPs and centralized clearing
- Credit insurance, monolines

4. Credit Ratings and the Role of Rating Agencies

Issues (contd.)

5. Central Banking

- Role and limits of monetary policy
- Lender-of-last-resort facilities
- Market maker of last resort
- Exit strategies from unconventional policies
- Role in promoting economic growth

6. Deposit Insurance

7. Supporting Troubled Banks & Non-Bank Financial Intermediaries (FIs)

Issues (contd.)

8. Insolvency Regimes for Banks & Non-Bank Financial Institutions

- Too-big-to-fail and cross-border concerns
- Prompt and corrective action

9. Consumer Protection

10. Governance and Compensation Structures in Financial Institutions

11. Accounting Standards, including Fair Value Accounting

Issues (contd.)

12. Macro-Prudential Regulation

- Pro-cyclicality, interconnectedness, common exposures & fire sales of assets.
- Bank–non-bank nexus
- Systemic risk assessment
- Systemic risk surcharges
- Calibrating policies, and implementation

Issues (contd.)

13. Institutional Structure of Regulation

14. International Regulatory Coordination

15. Fiscal Policies, and Sovereign Debt Management

- Implicit and explicit government guarantees to the financial system
- Long-term sustainability of government finances
- Stimulus vs. Austerity