

# CEPS Finance Roundtables 2012

Given the ongoing financial and economic crises, the issue of financial stability remains a priority for policy-makers. As a result, a number of new pieces of legislation and amendments to revamp the regulatory framework have been put forward. The general outlines of the proposals are now on the table, but the technical details that will have a substantial impact on the day-to-day operations of financial institutions and society as a whole are yet to be fully defined.

Throughout 2012, the Financial Institutions Unit of CEPS will organise a series of high-level roundtable meetings among researchers, industry experts, and key policy-makers to debate the future design and potential consequences of forthcoming financial regulatory frameworks.

At least seven topical roundtables are planned, covering the future of banking and insurance regulation, macro prudential policy, crisis management and shadow banking. The topics may be expanded over time to reflect interests and the changing regulatory agenda. The seven roundtables currently planned are:

## **Roundtable 1: Implementation of Basel III in the EU (CRR/CRD IV) (~~12 April 2012~~)**

The banking sector has recently been subject to drastic regulatory reforms. In addition to requiring banks to hold more and better capital, the CRD IV proposal introduces a number of concepts that will most likely be the cornerstone of future regulation, including liquidity requirements, capital buffers, and leverage ratio. The first roundtable will discuss the legislative proposal, which is currently scheduled to be adopted by the European Parliament by the summer of 2012, and the role of the European Banking Authority (EBA) and European Systemic Risk Board (ESRB).

## **Roundtable 2: Solvency II (~~5 June 2012~~)**

Less under scrutiny than the banking sector during the crisis, the insurance sector will also face drastic regulatory changes in years to come. The new Solvency II regime must improve resilience and harmonise capital regulation across countries and sectors. Although the directive was adopted in 2009, the entry date and scope of technical standards are still awaiting approval. The final submission of these standards on internal models, own funds, disclosure and governance etc. is scheduled for September 2012. In the meantime the roundtable will assess progress in the regulatory framework.

## **Roundtable 3: Follow-up on implementation of Basel III in the EU (CRR/CRD IV) (~~27 June 2012~~)**

The trilogue between the Commission, Parliament and the Council aims to reach a common agreement before the first plenary reading by the beginning of July. Afterwards, a variety of technical details remains to be defined or have to be redrafted by EBA, whereas ESRB will have to fit macro prudential measures in the technical details. The roundtable will assess the compromises reached by the European institutions and discuss the variety of detailed technical guidelines and standards that remain to be defined by EBA and ESRB.

## **Roundtable 4: EU bank recovery and resolution (~~10 July 2012~~)**

The crisis management framework will form a vital part of the new regulatory framework. The crisis forced governments to take unusual steps to limit the impact of failures of large and systemically-important financial institutions, which in turn heightened the moral hazard risks and the fiscal pressures of several EU member states. Only a credible crisis management framework can prevent the recurrence of such threats. In the beginning of June 2012 the European Commission adopted proposals for a bank resolution Directive. The proposal foresees the implementation of prevention-, early intervention- and resolution measures from 2015 onwards. The roundtable will discuss these measures and its technical details, which are likely to have considerable importance for financial institutions in the future.

**Roundtable 5: Shadow banking (19 September 2012)**

Stricter regulation of the banking sector is likely to move activities more towards shadow banks. As these non-deposit-taking financial institutions grow in importance, there may be wider implications for financial stability. The European Commission is, therefore, looking at whether these institutions should be regulated and supervised more stringently. A Green Paper on the subject, expressing the Commission's initial views on shadow banking, has been published in March 2012.

**Roundtable 6: Macro prudential policy (10 October 2012)**

A growing international consensus has emerged among policy makers on the importance of macro-prudential policy to regulate the accumulation of risks in the financial system. Yet, substantive work needs to be done to elaborate on the overall framework. The roundtable will discuss policy priorities, the role of new institutions under the framework of the European System of Financial Supervisors and effective instruments.

**Roundtable 7: Banking Union (29 November 2012)**

The creation of a Banking Union is fast gaining traction among political leaders. In an attempt to halt the deteriorating public financing due to failing banks, they requested end-June the European Commission to come up with a proposal for the creation of a single supervisory mechanism. In less than three months the Commission has published its proposal. The proposals and the accompanying communication foresee the empowerment of the ECB with supervision in 2013 and the construction of a single Euro area bank resolution as well as EU - wide deposit guarantee scheme on the longer run. The roundtable will discuss the Commission's proposal and the pillars underpinning the implementation of the Banking Union.

Further details on these roundtables will be announced at a later date.

Please contact [willem.pieter.degroen@ceps.eu](mailto:willem.pieter.degroen@ceps.eu) for more information and registration.



## REGISTRATION FORM

### Person attending Roundtable:

Title: \_\_\_\_\_ First name: \_\_\_\_\_ Last name: \_\_\_\_\_

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Job title: \_\_\_\_\_

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E-mail: \_\_\_\_\_ Telephone: \_\_\_\_\_

### Company

Company name: \_\_\_\_\_

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Postal address: \_\_\_\_\_

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Postcode: \_\_\_\_\_ City: \_\_\_\_\_ Country: \_\_\_\_\_

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Contact Person: \_\_\_\_\_

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RT6 Macro prudential policy (10 October 2012)	<input type="checkbox"/> € 200	<input type="checkbox"/> € 600
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## CEPS FINANCIAL INSTITUTIONS UNIT

The CEPS Financial Institutions Unit's Research Programme strives to examine:

- **The regulation, supervision and taxation of financial institutions and financial stability** and its potential macro and micro economic consequences. The 2007/08 financial crisis provides an exceptional context in which to study the future of financial regulation, supervision and crisis management for European and non-European countries;
- **The size, diversity, corporate governance and innovation in the financial sector in Europe**, in particular how size, diversity and innovation are to be assessed, how they are determined and what are the relationships between performance, competition, financial stability and social cohesion in the context of European financial integration and the future for corporate governance;
- **The internal market for financial services**, with a particular focus on the role of financial institutions and policy-makers to achieve a single, secure, competitive, stable and inclusive market for retail and wholesale financial services;
- **The evolving position of small/regional/international financial centres in a global context** by assessing the strengths, weaknesses, opportunities and challenges of European and non-European financial centres in light of new regulatory, tax and financial developments worldwide.

The priority of the unit is to continue to contribute to the policy debate post-financial crisis, particularly by:

- Monitoring market developments, regulatory and institutional trends and their consequences for the EU economy and its competitive position in the world;
- Identifying challenges to an integrated European financial market and recommending steps to overcome these hurdles;
- Assessing the evolving role of financial systems to better serve economic, social and environmental objectives, with particular focus on inclusion, diversity and sustainable finance;
- Exploring regional linkages and interactions with non-EU financial markets and investigating current challenges and future opportunities.

In 2012, the FIU is launching three activities:

- **A series of high-level roundtables** aimed at debating the future of financial regulation and crisis management in the EU;
- **A regular monitoring exercise of banking business models in Europe**. The Banking Business Model Monitor (BM) will examine the risk/performance, governance, competition, stability and transparency of EU banks; and
- **A statistical package on EU banks and executive compensation**. The package will provide statistical analysis (e.g. on activities, performance, risks, executive compensation...) and case studies featuring EU banks.

### The CEPS Financial Institutions Unit's Researchers:

Dr. Rym Ayadi, Senior Research Fellow, Head of Unit, CEPS

Dr. Emrah Arbak, Researcher, CEPS

Willem Pieter De Groen, Research Assistant, CEPS

### Associate Scholars

Prof. David T. Llewellyn, Loughborough University, UK

Prof. Reinhard H. Schmidt, Frankfurt University, Germany

Prof. Rudi Vander Vennet, Ghent University, Belgium