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

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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
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
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
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)
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**
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
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