## Contents

Preface	XIII
Is Finance in a Stage of Permanent Crisis?	xiv
Global Markets Are Interconnected	xvi
Regulating Finance in a World in Crisis	xviii
A Web of Institutional Complexity	xix
Will Global Financial Regulation Become Lex America?	XX
Applying Global Regulatory Convergence 🔊	xxii
Regulator and Regulated: The Infernal Couple	xxiii
Finance Cannot Be Left Unregulated	xxiii
Five Years after Lehman, Regulation	
Could Not Change the Culture	xxiv
A Culture of Outlaws	XXV
I Will Never Give Up	xxvi
Notes	xxvii
CHAPTER 1 The Multiple Objectives of Financial Regulation Stop (Ab)using Taxpayer Money Protect Retain and Small Investors and Depositors Ensure Transparency of Markets and Institutions Implement a Truly Risk-Adjusted Remuneration System Protect Deposits from Trading Notes	<b>1</b> 2 3 5 6 7 8
CHAPTER 2 A Quarter Century of Banking Crises and the Evolution of Financial Institutions Banking Crises Are Not Exactly a Recent Phenomenon The Two Main Emerging-Market Crises Subprime Crisis Lehman Crisis European Sovereign Debt Crisis	<b>11</b> 12 13 14 16 17
A Quarter Century of Banking Crises and the Evolution of Financial Institutions Banking Crises Are Not Exactly a Recent Phenomenon The Two Main Emerging-Market Crises Subprime Crisis Lehman Crisis	

European Banking Crisis	17
LIBOR Manipulation	19
Will the Foreign Exchange Market Be Next?	21
Notes	23
CHAPTER 3	
The Lessons of the Recent Financial Crises:	
The Explosion of Balance Sheets	27
Structural Overbanking of Europe	28
Lack of Transparency of the Derivative Markets	33
Emergence of the Credit Default Swap (CDS) Market	34
The Regulatory Landscape Is Not Global but Largely National	35
Notes	35
CHAPTER 4	
Global Financial Regulation: The Institutional Complexities	37
Group of 20 (G20)	39
Financial Stability Board (FSB)	41
Bank for International Settlements (BIS)	
and the Basel Committee (BCBS)	42
International Monetary Fund (IMF)	43
International Organization of Securities Commissions (IOSCO)	45
International Accounting Standard Board (IASB)	46
International Association of Insurance Supervisors (IAIS)	47
Notes	50
CHAPTER 5	
Capital Adequacy, Gruidity, and Leverage Ratios:	
Sailing toward the Basel III Rules	53
Part I: Capital Adequacy	55
Part II: Liquidity	59
Part III: Leverage	62
Notes	66
CHAPTER 6	
Assessing Likely Impacts of Regulation on the Real Economy	69
Notes	73
CHAPTER 7	
Regulating the Derivatives Market	75
Origin of the Derivatives Market	77
Size of the Derivatives Markets	78

U.S. Regulation: Dodd-Frank Act	78
European Market Infrastructure	
Regulation (EMIR)	79
Transatlantic Divergences	80
Short Selling Is a Form of Derivative	81
JPMorgan Chase London Trading Losses	82
Notes	83
CHAPTER 8	
The Structure of Banking: How Many	
Degrees of Separation?	87
Systemically Important Financial Institutions (SIFIs)	87
Universal Banking Model	89
Separation Models	90
United Kingdom	90
Separation Models United Kingdom United States European Union	90
European Union	91
Sw+itzerland	92
Volcker Rule and Proprietary Trading	92
Too Big to Fail (TBTF): Is Size the Problem?	95
Prohibit the Trading of Commodities by Banks	97
Notes	98
CHAPTER 9	
Banking Resolution and Recovery	101
Moral Hazard	102
Can the Bail-In Concept Avoid Taxpayers' Bailout?	102
Lassons from the Einensial Crisis	103

Can the ban in concept note taxpayers banout.	105
Lessons from the Financial Crisis	104
Living Wili, or How Banks Want to	
Be Treated if They Are Close to Collapsing	104
United States	105
The Citi Recovery Plan	106
Role of the Federal Deposit Insurance	
Corporation in the United States	107
United Kingdom	110
European Banking Resolution and Recovery Directive	111
Regulatory Technical Standards	112
Can Resolution Rules Be Effective?	112
An Impossible European Institutional Challenge	113
Who Will Decide to Put Companies	
Under Resolution Surveillance?	114
Notes	120

CHAPTER 10	
Banking and Shadow Banking	125
Hedge Funds	125
United States	127
Europe	127
Other Types of Shadow Banking	127
Capital Markets and Securitization	128
Notes	129
CHAPTER 11	
Rating Agencies and Auditors	131
Part I: The Rating Agencies	131
Part II: External Auditors	134
Part III: The Limits of Accountability	136
Notes	136
CHAPTER 12	
Part II: External Auditors Part III: The Limits of Accountability Notes CHAPTER 12 Central Banks as Lenders of Last Resort Have a Conflict of Interest with Their Regulatory Rola Financial Stability United States: Quantitative Easing European Central Bank: The Long-Term	139
Financial Stability	140
United States: Quantitative Easing	141
European Central Bank: The Long-Term	
Refinancing Operations (LTPOs)	143
United Kingdom	144
Japan and Abenomics	145
Are Central Banks Berance Sheets Eternally	
Expandable? Have They Become Hedge Funds?	145
Is This Novation of Central Banks Legitimate or Legal?	147
Notes Notes	147
CHAPTER 13	
Financial Institution Governance (or Lack Thereof)	149
Risk Management	150
Dysfunctional Boards of Directors	151
Should the Chairperson Also Be the CEO?	152
Remuneration and Risks	153
Personal or Institutional Accountability	153
Notes	154
CHAPTER 14	- <b>-</b>
Was It a Global Crisis? The Asian Perspective	157
Japan	158
China	160

\_\_\_\_\_

India	161
Assessing the Asian Risk	162
Notes	163
CHAPTER 15	
The Challenges of Global Regulation	165
Regulation, Policies, and Politics	167
Regulators and Sovereign Financing	169
European Central Bank Supervision:	
The E.U. Governance Challenges	169
The Risks of Regulatory Fragmentation	171
Bank Resolution: The Legal Nightmare	171
Basel III	172
Reemergence of Capital Markets	173
Restructuring Finance	173
Should Financial Communication Be Regulated?	174
Should Financial Media Respect a Code of Conduct?	175
Financial Education Is Key	176
Notes	178
Notes CHAPTER 16 Regulation and Ethics Management Integrity	
Regulation and Ethics	181
	182
Accountability	182
Transparency Is Key	183
A Principled Regulatory System Is Needed	183
Doing the Right Thing	184
Notes	186
CONCLUSION	
What Can We Expect?	189
A Few Books I Read and Found Helpful	195
About the Author	197
Index	199

## Xİ

http://www.bookshop.com