Tenth Annual International Seminar on Policy Challenges for the Financial Sector

Towards a Brave New World – Reshaping Financial Regulation

June 2-4, 2010
Washington, D.C.

Co-hosted by
The Board of Governors of the Federal Reserve System, The International Monetary Fund, and The World Bank

AGENDA VERSION 5 (DRAFT: MARCH 29, 2010)

Wednesday, June 2, 2010

Marriner S. Eccles Building
Federal Reserve Board
20th and C Streets, N.W.
Washington, D.C.

9:15 – 9:45
Registration

9:45 – 9:55
Welcoming Remarks and Administrative Announcements

Sarkis Yoghourtdjian, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System

9:55 – 10:05
Opening Remarks

Patrick Parkinson, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System

10:05 – 10:15
Inaugural Address

Ben Bernanke, Chairman, Board of Governors of the Federal Reserve System

10:15 – 10:45
Keynote Address

[George Soros, Chairman, Soros Fund Management, LLC]
Challenges to Financial Stability and The New World

10:45 – 11:00
Coffee Break
11:00 – 12:30  
**Session 1: What Lies Ahead - Exiting from Financial Sector Policies**

*Strategies and timing for unwinding liquidity facilities, solvency support, and loan guarantees, without endangering liquidity*

Session Chair: Ceyla Pazarbasioglu, Division Chief, Financial Oversight, Monetary and Capital Markets Department, IMF

Speakers:  
[TBD, Peterson Institute for International Economics]  
[Adrian Blundell-Wignall, Deputy Director, Special Advisor to the Secretary General for Financial Markets, Organisation for Economic Co-operation and Development]  
[TBD – FSA Japan]

12:45 – 2:30  
**Luncheon**

Hosted by the Board of Governors of the Federal Reserve System; Terrace Level – Dining Room E

Keynote Speaker: Daniel K. Tarullo, Governor, Board of Governors of the Federal Reserve System

2:30 – 4:00  
**Session 2: Financial Innovation and Financial Regulation**

*Much of the blame for this crisis has fallen on financial products that were once heralded as instruments to distribute risks more widely in the system, but which in fact facilitated the concentration of risk. Is this the end of the line for securitization, credit derivatives and other derivative activities, or can they be revived in a safer mode while preserving their essential features? In securitization is the originate-to-distribute model extinct and if so to what effect? How will changes in the market and new regulation affect the core business of banking for on and off-balance sheet activities? How should countries that had just begun developing these markets respond? What are the lessons of this crisis for financial innovation in general?*

Session Chair: Robert L. Sheehy, Deputy Director, Monetary and Capital Markets Department, IMF

Speakers:  
[Sir Alan Yarrow, Chairman Securities and Investment Institute, former Group Vice Chairman Dresdner Kleinwort]  
[Nicholas Taleb, Distinguished Professor of Risk Engineering, New York University - Polytechnic Institute]  
[Liao Min, Director- General, Executive Office, China Banking Regulatory Commission]  
[Jason H. P. Kravitt, Partner, Mayer Brown LLP]

4:00 – 4:15  
**Coffee Break**

4:15 – 5:45  
**Session 3: Supervision in the Era of Moral Hazard – Has Too Big to Fail, Failed?**

*Among the more difficult issues facing policy makers is the treatment of institutions considered systemically important and often too big or too complex to fail. Should they be cut to size and rendered easier to manage, supervise and resolve, or should they be subject to regulatory surcharges for systemic risk? How will this impact competition policy? These issues become even more challenging*
when their operations are cross border. This session will discuss the challenges that systemically important institutions pose and how this difficult terrain is being navigated in the search for policy solutions.

Session Chair: [Jan Brockmeijer, Deputy Director, Monetary and Capital Markets Department, IMF]

Speakers: [Andrew Haldane, Executive Director for Financial Stability, Bank of England]
[Thomas Huertas, Director, Financial Services Authority, UK]
Ron Feldman, Senior Vice President, Federal Reserve Bank of Minneapolis
Barry Johnston, Assistant Director, Monetary and Capital Markets Department, IMF

5:45 – 6:15 Group Photograph
6:15 – 7:15 Reception
Hosted by the Federal Reserve Board, Eccles Building Atrium

Thursday, June 3, 2010

Venue: The International Monetary Fund
Headquarters 2 Building, Conference Halls 1 and 2
First Floor, Rooms 820 and 830
700 - 19th Street, N.W.
Washington, D.C.

8:30 – 9:00 Check-in and Light Breakfast
9:00 – 9:30 Keynote Address Day 2:
Speaker: Jose Viñals, Director and Financial Counsellor, MCM, IMF

9:30 – 11:00 Session 4: The New Capital and Liquidity Proposals – Implications for Banks and their Supervisors

The December 2009 Basel proposals aim to increase the quantity, quality and consistency of capital; introduce new capital conservation measures and countercyclical capital buffers. How will the quest for greater stability affect the industry’s prospects for growth? Will the new regulatory paradigm alter the risk-return equation in banking and change the way banks do business?

In addition, while harmonizing the definition of capital, making common equity the predominant component and phasing out Tier I hybrids, the issue of permitting contingent capital remains on the table. How should such instruments be treated in regulatory capital?

Session Chair: [Norah M. Barger, Deputy Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System]

Speakers: Stefan Walter, Secretary General of the Basel Committee on Bank Supervision
Sebnem Muratoglu, Senior Vice President, Risk Management, Akbank, Turkey
[Andrew Cross, Managing Director, Credit Suisse]

11:00 - 11:15 Coffee Break
Session 5: Bank Supervision and Bank Governance

The current supervisory paradigm places a key responsibility upon bank boards with regard to setting risk appetite and overseeing risk management. How well have bank boards played the role expected of them in this regard? What can and should supervisors do to lay stronger emphasis on board responsibilities? Do we need new models of governance? How can the relationship between supervisors and bank boards be better structured to deliver shared objectives of risk management?

Session Chair: William Rutledge, Executive Vice President, Federal Reserve Bank of New York

Speakers: Sir David Walker, Senior Adviser, Morgan Stanley
[Bandid Nijathaworn, Deputy Governor, Bank of Thailand]
[Alexey Simanoskiy, Director, Banking Regulation and Supervision Department, Central Bank of the Russian Federation]

Luncheon

Hosted by the International Monetary Fund
Headquarters 1 Building - The Reception Hall
Second Floor, Room 307
700 - 19th Street, N.W.
Washington, D.C.

Keynote Speaker: [DMD, IMF]

Session 6: The Evolving Regulatory Landscape – Implications for Supervisors

Bank supervisors in many countries have just completed the long journey to the implementation of Basel II and are now faced with the implementation of the enhancements to the Basel II framework announced in July 2009 by year end. At the same time, they have to keep in mind that there are more changes in train. This session will discuss country experiences on how they are dealing with these changes and preparing for what lies ahead.

Session Chair: Jonathan Fiechter, Deputy Director, Monetary and Capital Markets Department, IMF

Speakers: Teo Swee Lian, Deputy Managing Director, Monetary Authority of Singapore
[Radovan Jelasic, former Governor, National Bank of Serbia]
[Jorgen Holmquist, Director General, Internal Market, European Commission]
[Clive Briault, Toronto Centre, former Managing Director, Financial Services Authority, UK]* may be moved to another session

Coffee Break

Session 7: Breakout Groups

A. Cross Border Supervision – Collaborating with our Neighbors

The lessons of the financial crisis highlighted the importance of cross border supervision. An efficient response to a crisis requires collaboration between home and host supervisors. The FSB is taking a lead in developing a mechanism to increase collaboration between supervisors, and there is on-going discussion of efficient ways to exchange information and take coordinated action in response to the failure of a multi-national bank.
Moderator: [Jack P. Jennings, Associate Director, Division of Banking Supervision, Board of Governors of the Federal Reserve System]

B. The Systemic Risk Regulator – Who Should ‘Bell the Cat’, and How?

It is now widely acknowledged that monitoring systemic risk should be an integral part of the task of maintaining financial stability. This would require, among other things, the ability to extend the regulatory perimeter to hitherto unregulated or less regulated sectors. Who should be tasked with this duty, and what tools should be provided to the responsible body or bodies?

Moderator: Katharine Seal, Senior Financial Sector Expert, IMF

C. Me and My Shadow – Shadow Banking and Financial Stability

Many "shadow bank" institutions and vehicles have emerged in U.S. and European markets over the past 10 years, and have come to play an important role in providing credit across the global financial system. However, shadow institutions (ranging from finance companies to off-balance sheet vehicles such as SIVs) are not subject to the same safety and soundness regulations as banks. This system has been seen as significantly contributing to the financial crisis. What is the origin of this system, how did it contribute to the crisis, and how are we addressing the issues surrounding this massive activity?


Participants will choose from among these topics to discuss the challenges in their countries and to share experiences.

5:00 – 6:00

Session 8: Reports from Breakout Groups and General Discussion

Session Chairs: Jonathan Fiechter, Deputy Director, Monetary and Capital Markets Department, IMF

David Scott, Program Manager, Financial Systems Department, World Bank

6:30 – 8:00

Dinner

Hosted by TBD, World Bank

The World Bank, 12th Floor Gallery

Friday, June 4, 2010

Venue: World Bank
Main Complex Building, Executive Board Room
Room MC13-121
1818 H Street, N.W. (corner of 18th and H Streets)
Washington, D.C.

9:00 – 9:30

Keynote Address Day 3:

Speaker: Janamitra Devan, Vice President, Financial and Private Sector Development, World Bank

9:30 – 11:00

Session 9: Addressing the ‘Will to Act’ Problem - Easier Said than Done?

Just rewriting the rule book will not help prevent such crises. It has been said that it was not just the absence of appropriate regulation, but also the lack of will to act in a timely and forceful manner that characterized some supervisory responses in the run-up to the crisis. Yet, in stable times supervisors can be seen as ‘crying wolf’, or their actions viewed as impediments to growth. How should supervisors navigate this space of conflicting expectations of their role? What can be done to ensure
the right incentives, resources, and accountability for sustained supervisory responses will be forthcoming in the future?

**Session Chair:** Consolate Rusagara, Director, Financial Systems Department, Financial and Private Sector Development Vice-Presidency, World Bank

**Speakers:** [John Palmer, Chairman of the Toronto Centre, and former Superintendent, Office of the Superintendent of Financial Institutions of Canada]  
William A. Ryback, former Deputy Chief Executive, Hong Kong Monetary Agency and former Special Advisor, Financial Supervisory Service, Korea  
[Mohammad Y. Al-Hashel, Deputy Governor, Central Bank of Kuwait]

11:00 – 11:15  
**Coffee Break**

11:15 – 12:45  
**Session 10: Financial Regulation and Financial Inclusion – Working Together or at Cross-purposes?**

Policymakers in some emerging and developing economies are concerned that the focus on further strengthening financial regulation might adversely affect continuing national efforts at increasing financial access. The G20 has set up a Financial Inclusion Expert Group to promote successful regulatory and policy approaches on financial access, financial literacy, and consumer protection. The Basel Committee too has stepped in with its recently released report on applying the core principles to microfinance activities. What are the key risks that are associated with these models of financial delivery, and how should supervisors ensure that materiality and proportionality are kept in mind while addressing potential risks in this sector?

**Session Chair:** Alexia Latortue, Consultative Group to Assist the Poor, World Bank

**Speakers:** Nestor Espenilla, Deputy Governor, Central Bank of the Philippines  
Usha Thorat, Deputy Governor, Reserve Bank of India  
[Lois Quinn, Deputy Director, Office of International Banking, U.S. Department of Treasury]
Program Managers

Aditya Narain, Adviser, Monetary and Capital Markets Department, International Monetary Fund; Nancy J. Rawlings, Senior Financial Sector Expert, Monetary and Capital Markets Department, International Monetary Fund

Miquel Dijkman, Senior Financial Sector Specialist, Financial Systems Department, Finance and Private Sector Development Vice-Presidency, The World Bank; Murat Arslaner, Research Analyst, Financial Systems Department, Finance and Private Sector Development Vice-Presidency

Sarkis Yoghourtdjian, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System