



**Eurofi high level seminar co-hosted by the Spanish EU Presidency  
Madrid, 14 - 15 April 2010**

**Defining priorities to reform the regulatory  
and supervisory financial framework in the global context**



**Wednesday 14 April 2010 - EUROFI WELCOME COCKTAIL**

Eurofi is hosting a welcome cocktail for all participants attending the high-level seminar co-hosted by the Spanish EU Presidency. The cocktail will take place on Wednesday the 14th April 2010 at the following address:

**19.30 Hrs** - Eurofi Welcome Cocktail  
**The Westin Palace Hotel**  
Plaza de las Cortes, 7 | ES - 28014 Madrid, Spain  
Tel: +34 91 360 80 00



**Thursday 15 April 2010 - HIGH LEVEL SEMINAR - PROGRAMME**

The high level seminar co-hosted by the Spanish EU Presidency will take place at

**Banco de España**  
**Entrance:** Paseo del Prado | ES – 28014 Madrid

**08h15 Registrations & Welcome coffee**

**08h45 Opening of the Seminar**

**Elena Salgado Mendez**, Spanish Vice-President and Minister of Finance  
**Jacques de Larosière**, Co-President, Eurofi

**09h00 Session 1 - How to mitigate systemic risks and address the systemic importance of different types of financial players?**

**Moderator:** **Miguel Fernández Ordóñez**, Governor, Banco de España

**Introductory Remarks:** **Alfredo Sáenz**, Chief Executive Officer, Banco Santander  
**Francisco González**, Chairman and CEO, BBVA

- a. What are the possible sources of systemic risk which are not sufficiently addressed by current policies?
- b. What is the role played by asset bubbles and excessive credit expansion in the emergence of systemic risk and how could they be prevented or mitigated in the future? What role could be played by monetary and fiscal policies on a preventive basis? What role should the macro-supervisory authorities (FSB and ESRB) play in identifying possible risky financial activities and minimising their negative impacts? How to make sure that the actions proposed by these authorities are effectively implemented?



- c. What measures should be privileged to mitigate systemic risks in the light of the current financial crisis?
- Are the measures being currently discussed appropriate and sufficient to tackle the weaknesses revealed by the crisis? What are the priorities to achieve financial stability among the current proposals (relative to supervisory practices, securitisation regulations, the transparency of markets, counterparty risk, liquidity requirements, the quality and level of capital, risk assessment techniques, leverage, pro-cyclicality of accounting and prudential rules,...)? How does the notion of systemically important institutions fit in with these measures? How to limit the effects on moral hazard of measures intended to mitigate systemic risks?
  - Will future regulations projected in the EU enable to put all possible “shadow -banking” systems (SIV, Hedge Funds, money market funds, securities lending activities, etc.) under control? How to take new significant vehicles into account over time?
  - Besides banks, what other financial activities may create systemic risks? What systemic risks may concern insurance companies? What systemic risks may concern specific activities or players such CCPs? How to mitigate these risks?
  - What is the possible benefit of limiting the activities in which banks operate as proposed by the US administration (e.g. regarding hedge funds, private equity funds, proprietary trading...), is it feasible? What would be proposed if non-banks (without a licence) were to become over extended and pose systemic problems? Would they have to be regulated?
- d. How to improve the crisis management framework?
- How to reduce the contribution of public money in dealing with possible systemic crises? What are the merits of different possible mechanisms to internalize the cost of a possible future crisis: buffers, guarantee funds, insurance mechanisms, resolution funds, taxation...? How to avoid increasing costs for customers with such preventive measures? Is there a risk of increasing moral hazard with such measures and how to mitigate this risk?
  - What role would organising and orderly resolution/liquidation of significant financial institutions and living wills play in systemic risk mitigation? How to go towards more coherent frameworks at an EU level?
  - What role for detection tools and early intervention measures such as contingency capital and how to combine them with other prudential requirements?
  - What powers should be granted to supervisory authorities in case of crises?

## 11h00 Coffee break

## 11h15 Session 2 - What respective role should regulation and supervision play in fostering the resilience of financial institutions while enabling their appropriate contribution to economic growth?

**Moderated by:** Jacques de Larosière, Co-President, Eurofi

**Introductory Remarks:** Juan María Nin, Chief Executive Officer, La Caixa  
Axel Weber, President, Bundesbank

- a. How to improve supervision to take into account the complexity and innovation of financial products and the cross border dimension of financial players?
- What improvements are required in the supervision of banking and insurance institutions in the light of the crisis and how to implement them?
  - What are the improvements required in multinational cooperation (regional, global) in order to achieve an optimal surveillance of cross-border financial groups? How can supervisory colleges function effectively in a multinational context?
  - What are the main areas of improvement in the governance of financial institutions?



- b. How to calibrate adequately prudential requirements to ensure the resilience of financial institutions in a way that does not impede economic growth?
  - i. How to make sure that the proposed prudential improvements adequately target the sources of risk so that more capital will be required for business activities that are inherently riskier?
  - ii. How to take into account in the calibration of capital and liquidity requirements, the expected benefits stemming from the measures currently discussed intended to increase the transparency of securitized and derivative products and reduce counterparty risks and setting up macro-supervision?
  - iii. How to improve the quality of capital? Can flat prudential ratios eg leverage ratios bring value in addition to risk based Basel approaches?
  - iv. What specific measures should amend the CRD in order to recognise the diversity of the structure of financial companies? What specific measures are required to allow mutual or cooperative institutions to implement capital requirements?
  - v. How to reduce the pro cyclicity of prudential rules?
  - vi. What are the lessons learnt from the crisis regarding the calibration of Solvency II requirements? Could this calibration have a negative effect on policy holders and on the financing of the economy?
- c. Could the accumulation of regulatory measures have negative effects on the financial industry and its clients and the overall economy and how to limit them?
  - i. What are the possible negative effects of the accumulation of measures proposed in the banking sector?
  - ii. What influence could new banking regulations have on the regulatory approach in the insurance and pension funds sector? What are the possible consequences on the industry and on the risks and costs borne by savers or policy holders?
  - iii. Should a step by step implementation of all the regulatory measures be envisaged to progressively adjust requirements and limit possible negative impacts on the financing of the economies?

### 13h15 Lunch

### 14h15 Session 3 - What role do market practices and investment strategies play in financial stability?

**Moderated by: Tommaso Padoa-Schioppa**

**Introductory Remarks:** **Pilar González de Frutos**, President, Asociación de Empresarial del Seguro (UNESPA)  
**Fernando Restoy**, Vice-Chairman, Comisión Nacional del Mercado de Valores (CNMV)

- a. Are the proposed measures to foster transparency and improve market practices sufficient in the light of the crisis?
  - i. How to improve transparency and safety in securitization processes? Is there a need for a tighter regulation of rating agencies in order to achieve this? Could further standardisation and authorization processes be required in that respect?
  - ii. Are the current measures proposed by the Commission to improve transparency and reduce counterparty risks in derivatives markets appropriate and sufficient (i.e. CCP clearing of eligible OTC derivative products, reporting to trade repositories, risk management requirements for CCPs, the strengthening of prudential requirements for market activities ...)? What are the success factors of these measures? How to ensure an adequate coordination of these measures at the global level? Is further standardization of derivatives contracts feasible and desirable?
  - iii. What further role could regulated markets or MiFID eligible venues play in ensuring stability?
  - iv. Are measures required to regulate or limit short selling and particularly the naked short selling of certain financial instruments?



- b. How to leverage the role played by medium and long term investment strategies in financial stability?
  - i. What role do medium and long term investment strategies play in terms of financial stability?
  - ii. How to improve the neutrality of the accounting and prudential rules so that they do not deter financial institutions from investing on a medium or long term basis? What are the possible negative impacts in that respect of mark-to-market valuation and its consequences on financial stability? Are the recent proposals made by either IASB or FASB going in the right direction? How should the governance of the IASB and FASB evolve?
  - iii. What specific measures should complement Solvency 2, IORP, CRD, etc... in order to recognize the specificities of long term liabilities existing in the insurance/pension/banking sectors?

### 16h00 Coffee Break

### 16h30 Session 4 - How to make sure that all G20 members implement consistently the regulatory and supervisory financial framework? How to avoid competitive distortions at global and regional levels?

**Moderated by:** José Manuel Campa, State Secretary for Economy, Ministry of Economy, Spain

**Introductory Remarks:** Lloyd Blankfein, Chairman, Goldman Sachs  
Jean-Claude Trichet, President, European Central Bank

- a. What are the consequences in terms of global risk mitigation and competition derived from possible inconsistencies in the implementation of regulations defined following the crisis? Given the strong differences in the levels of intermediation between Europe and some other G20 countries (particularly the US), is there a risk that the consequences of new financial regulations might vary for financial institutions and the economies? Is this an issue? How could this be solved?
- b. How to coordinate the diverse regulatory initiatives (G20, EU, national initiatives) aimed at achieving adequate systemic risk management? How to ensure a consistent implementation of regulations at a global level in order to avoid regulatory arbitrage? Is existing international cooperation sufficient? What role could the IMF play in that respect? Would an international treaty help define rules applicable at the global level with proper sanctions?
- c. How to make sure current domestic emergency measures and possible differences in the adoption of the prudential and fiscal regulatory frameworks have limited competition distortion effects?
  - i. Is there a risk that some players might be exempted from new prudential constraints by their authorities, or that measures be applied in a different way by different countries?
  - ii. How to exit from the measures decided to face up to the crisis? Given the structural differences among countries and regions is there a need for differentiated exit strategies in terms of timing?
  - iii. What constraints need to be imposed on rescued entities in order to avoid “grandfathering” by the national regulators and distortion effects on competition? How to make sure these constraints are implemented in all the markets in which rescued players operate?

### 18h00 Wrap up session





### Thursday 15 April 2010 - Eurofi Gala Cocktail & Dinner

Eurofi is organising a Gala cocktail and dinner for all participants attending the high-level seminar co-hosted by the Spanish EU Presidency. This event is hosted by Bolsas y Mercados Españoles and will take place on Thursday 15<sup>th</sup> April 2010 at the following address:

**Bolsas y Mercados Españoles**  
Palacio de la Bolsa  
Plaza de la Lealtad 1 | ES – 28014 Madrid

#### 19h30 Cocktail

**Welcome Remarks:** Antonio Zoido, Chairman, Bolsas y Mercados Españoles

#### 20h30 Gala Dinner

**Keynote Address:** Michel Barnier, EU Commissioner for Internal Market & Services



- 1 Banco de España
- 2 Westin Palace Hotel
- 3 Bolsas y Mercados