



THE WORLD BANK

BANCO DE ESPAÑA
Eurosistema

International Conference

“Reforming Financial Regulation and Supervision: Going Back to Basics”

Jointly organized by the Banco de España and the Chief Economist Office for Latin America and the Caribbean of the World Bank

Madrid, June 15, 2009

Program

8:45-9:00 **Opening Remarks** *Miguel Fernández Ordóñez* (Governor Banco de España)

9:00-10:30 **Session 1: Why did regulation fail?** What are the key market failures the current regulatory framework was meant to address and to what extent were these or other failures the ones underlying the subprime crisis? Is there a need for a radical rethinking of the role (and modalities) of regulation? What are the key issues and challenges regarding the scope, focus, and modalities of regulatory architecture looking forward?

Chair: *Javier Aríztegui* (Banco de España)

Lead speaker: *Augusto de la Torre* (World Bank)

Panelists: *Rafael Repullo* (CEMFI); *Xavier Vives* (IESE); *Martin Hellwig* (University of Bonn)

10:30-11:00 **Coffee Break**

11:00-12:30 **Session 2: Where is regulatory reform headed?** There is an international effort to define the overall strategy and core components for the reform of financial regulation. Based on a careful review of the general lines of reforms that have been so far proposed, the panel will discuss the extent to which these reforms appear to be addressing the major regulatory failures that have become apparent on the wake of the current crisis. The panel will pay particular attention to the areas where there is currently less progress, perhaps reflecting less consensus or more severe implementation difficulties.

Chair: *Alvir Alberto Hoffmann* (Banco Central do Brasil; President of ASBA)

Lead speaker: *Laura Kodres* (IMF)

Panelists: *Charles Goodhart* (LSE); *Beverly Hirtle* (New York Fed); *José M^a Roldán* (Banco de España)

12.30-14.00 Session 3: Rethinking the supervisory process. The panel will discuss the key challenges facing financial supervision in the post-subprime world. Main issues include: i) the relative roles of supervisors, institutions and markets in monitoring and managing risk; ii) the incorporation of systemic risk in day-to-day supervision; iii) dealing with financial innovation; iv) the supervisory colleges (international co-operation and convergence: creating trust among supervisors); and v) supervision models (consolidated versus twin-peaks).

Chair: *Gustavo Arriagada* (SBIF, Chile)

Lead speaker: *John Palmer* (Toronto Center)

Panelists: *Fernando Vargas* (Banco de España); *Jon Danielsson* (LSE); *Kerstin af Jochnick* (President CEBS)

14:00-15:30 Lunch

15:30-17:00 Session 4: The challenges of global financial surveillance and the quest for financial stability. The panel will discuss issues related to financial stability and global financial surveillance: i) introducing financial stability considerations into the monetary policy frameworks; ii) the importance of spillovers and a global assessment to financial stability; iii) the strengthening of cross-border crisis management arrangements; and iv) the role of the multilateral organizations in global financial surveillance (early warning systems, systemic vulnerabilities, and enhanced micro-surveillance of the financial sector).

Chair: *Enrique Iglesias* (SEGIB)

Lead speaker: *Richard Portes* (CEPR)

Panelists: *Morris Goldstein* (Institute for International Economics); *Chris Towe* (IMF); *Ignazio Visco* (Banca d'Italia)

17:00-18:45 Session 5: Regulatory and supervisory reform: the Latin American perspective. The panel will discuss the lessons from the crisis for financial oversight in the Latin American environment. Issues could include: i) the risks that some of the features and pitfalls of the subprime might eventually find their way into Latin America, with a discussion of the resulting policy implications as regards the path of financial development and the architecture and methods of oversight; ii) the implications (and suitability) for Latin America's financial systems of the world regulatory reforms currently in process; and iii) a rethinking of the catalytic role, as well as more direct role, of the state in promoting financial development, facilitating innovation, and broadening access; and (iv) cross-border coordination and burden sharing.

Chair: *Pamela Cox* (World Bank)

Panelists: *Monica Aparicio* (Fogafin, Colombia); *Guillermo Babatz* (CNBV, México); *Kevin Cowan* (Central Bank, Chile); *Andrew Powell* (IDB); *Alain Ize* (World Bank)