



International Centre for  
Financial Regulation

# Annual International Regulatory Summit

---

**Regulation Without Borders – G20 Ideals and National  
Interests**

[www.icffr.org](http://www.icffr.org)



International Centre for  
Financial Regulation

# **Regulation without Borders: Implementation across Markets**

**David Green**

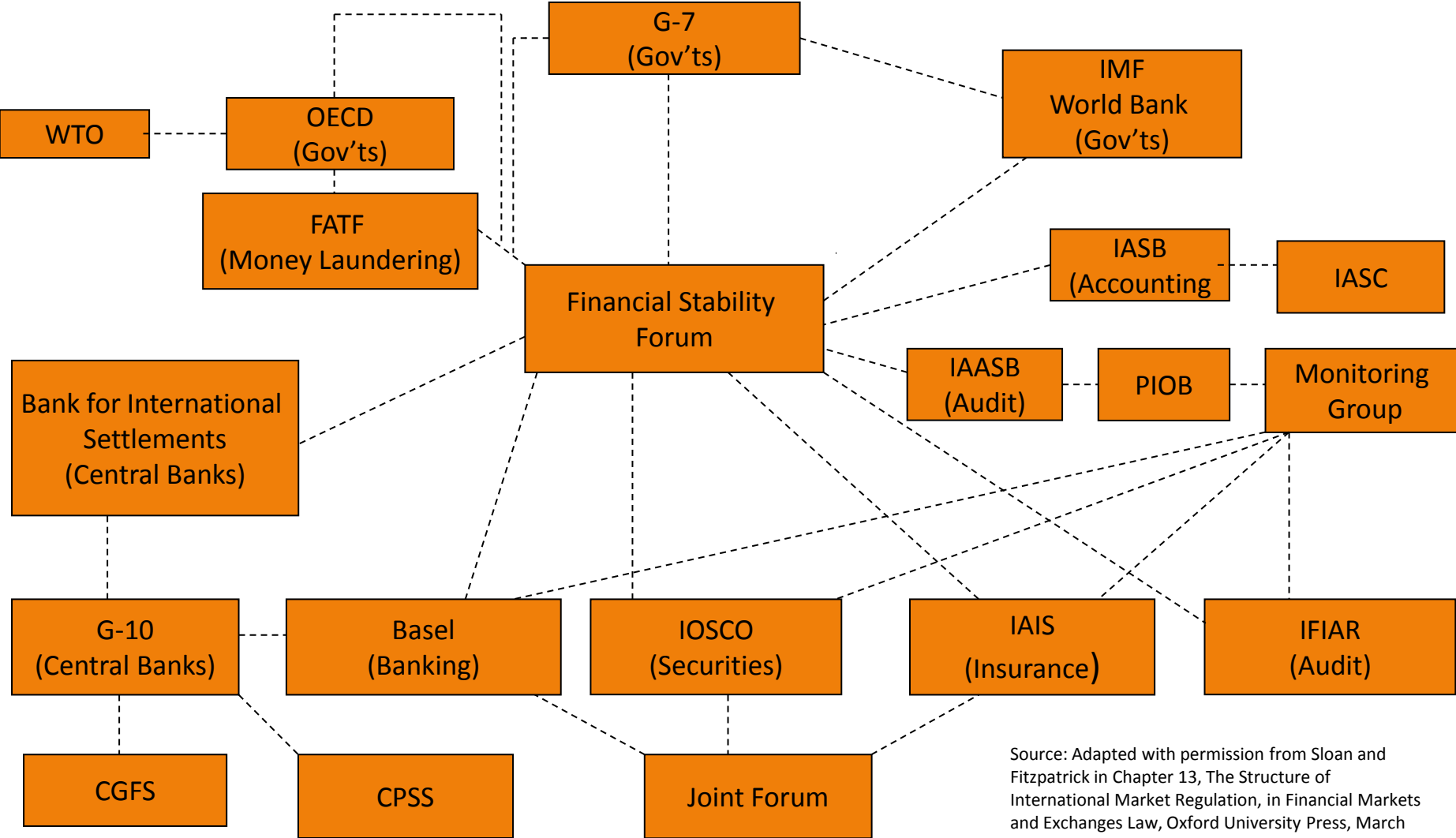
Co-author with Sir Howard Davies of “Global Financial Regulation : The Essential Guide”  
Polity Press 2008 and “Banking on the Future: The Fall and Rise of Central Banking”  
Princeton University Press 2010

ICFR Annual International Regulatory Summit  
Amsterdam 8-9 November 2010

- The global regulatory architecture - how it fits together and how it relates to the crisis
- Global regulatory initiatives – how they fit together and how they make a difference

# Global Committee Structure - A Regulator's View

## Pre – G-20 Reforms



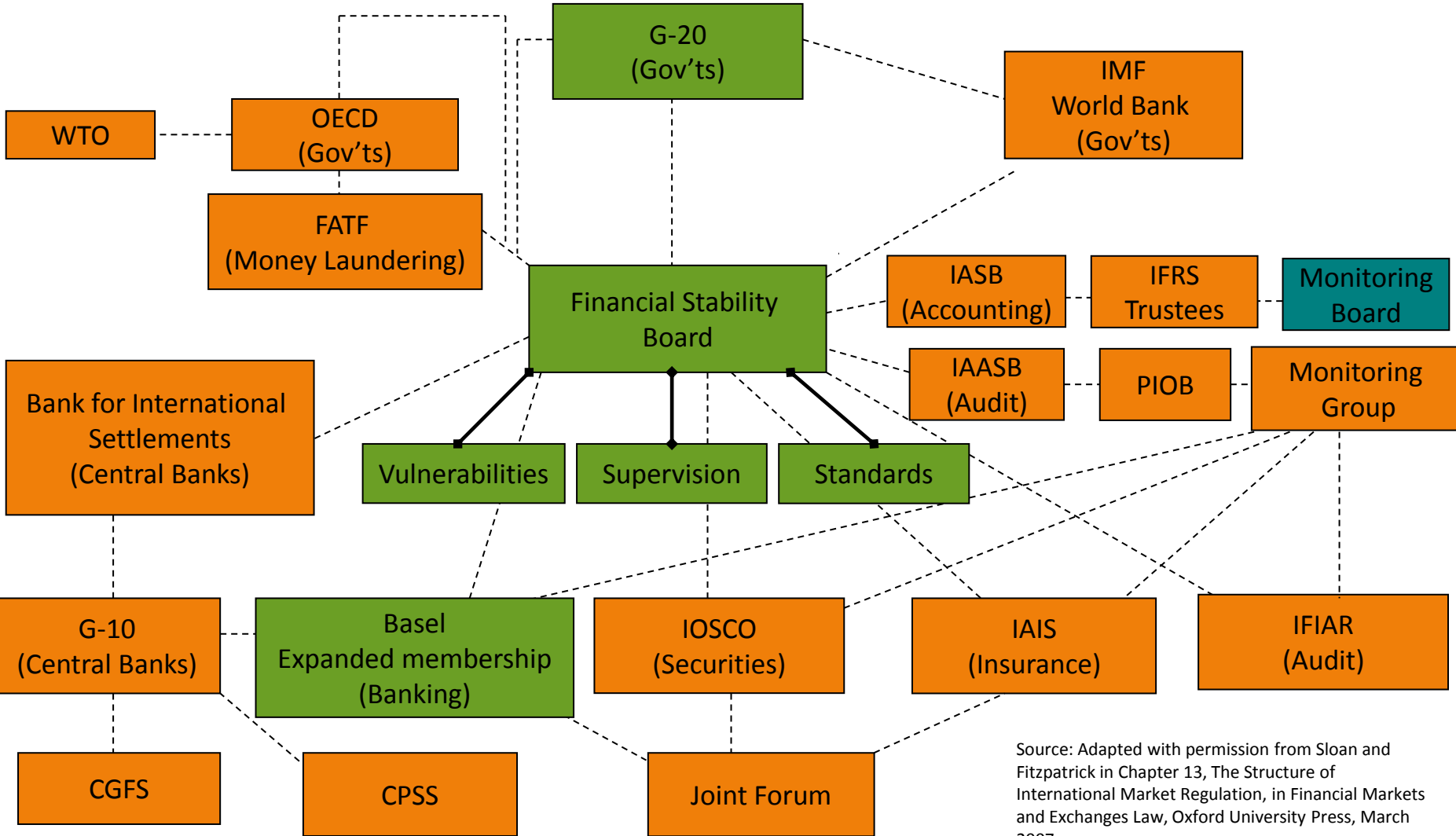
Source: Adapted with permission from Sloan and Fitzpatrick in Chapter 13, The Structure of International Market Regulation, in Financial Markets and Exchanges Law, Oxford University Press, March 2007

# What happened

- Most parts of the pre-crisis international financial regulatory architecture affected
- Global nature of crisis and enhanced role of emerging market creditor countries led to choice of G20
- Financial Stability Forum given core role and renamed Financial Stability Board - but with G20-wide membership
- Secretariat strengthened but work directed through new committees
  - Steering committee
  - Standing committees
    - Vulnerabilities Assessment
    - Supervisory and Regulatory Cooperation
    - Standards Implementation

# Global Committee Structure - A Regulator's View

## Post – G-20 Reform



Source: Adapted with permission from Sloan and Fitzpatrick in Chapter 13, The Structure of International Market Regulation, in Financial Markets and Exchanges Law, Oxford University Press, March 2007

# The policy response



## Macroeconomic

- Fiscal policy
- Monetary policy



## Regulation

- Financial system performed poorly
- Regulators have not coped
- Reform architecture of regulation
- Reform tools of regulation

## ➤ Major projects launched on

- Strengthening the capital framework
- Introducing a liquidity standard for global banks
- Strengthening accounting standards
- Improving compensation practices
- Expanded oversight of the financial system
- Strengthening adherence to international standards
- Improving market infrastructure

# The difficult issues

- Changing global and regional regulatory structures
  - The global/national balance
  - The role of governments
- The role of markets
  - Are there flaws in traditional assumptions?
- The future role of the state
  - What do citizens expect?
  - What difference does it make that governments still own key financial service firms?
- Balancing legitimacy and efficiency
  - How many people/organisations do you need to make a decision?
- How tough should regulation become?
  - Cop/doctor
- The borders of regulations
  - Systemic risk: what is it and how to address it?
  - Should everything everywhere be regulated?

# Implementation across markets

- **Over-the-counter derivatives:** how much will central clearing counterparties help?
- **Investments and Investors:** who needs protecting from what by whom at what cost?
- **Bank regulation:** what are the side effects of making banks safer?

Does action in one of these areas impinge on other areas and if so how?

# List of Acronyms

BCBS	<b>B</b> asel <b>C</b> ommittee on <b>B</b> anking <b>S</b> upervision
BIS	<b>B</b> ank for <b>I</b> nternational <b>S</b> ettlements
CGFS	<b>C</b> ommittee on the <b>G</b> lobal <b>F</b> inancial <b>S</b> ystem
CPSS	<b>C</b> ommittee on <b>P</b> ayments and <b>S</b> ettlement <b>S</b> ystems
IMF	<b>I</b> nternational <b>M</b> onetary <b>F</b> und
IAASB	<b>I</b> nternational <b>A</b> uditing and <b>A</b> ssurance <b>S</b> tandards <b>B</b> oard
IAIS	<b>I</b> nternational <b>A</b> ssociation of <b>I</b> nsurance <b>S</b> upervisors
IASB	<b>I</b> nternational <b>A</b> ccounting <b>S</b> tandards <b>B</b> oard
IASC	<b>I</b> nternational <b>A</b> ccounting <b>S</b> tandards <b>C</b> ommittee
IFIAR	<b>I</b> nternational <b>F</b> orum of <b>I</b> ndependent <b>A</b> udit <b>R</b> egulators
IFRS	<b>I</b> nternational <b>F</b> inancial <b>R</b> eporting <b>S</b> tandards
IOSCO	<b>I</b> nternational <b>O</b> rganisation of <b>S</b> ecurities <b>C</b> ommission
FSB	<b>F</b> inancial <b>S</b> tability <b>B</b> oard
FSF	<b>F</b> inancial <b>S</b> tability <b>F</b> orum
G-7	<b>G</b> roup of <b>S</b> even (countries)
G-10	<b>G</b> roup of <b>T</b> en
G-20	<b>G</b> roup of <b>T</b> wenty (countries)
OECD	<b>O</b> rganisation for <b>E</b> uropean <b>C</b> ooperation and <b>D</b> evelopment
PIOB	<b>P</b> ublic <b>I</b> nterest <b>O</b> versight <b>B</b> oard
WTO	<b>W</b> orld <b>T</b> rade <b>O</b> rganisation