

Basel III and Beyond

A Guide to Banking Regulation after the Crisis

Francesco Cannata and Mario Quagliariello

Risk*books*

Contents

About the Editors	xi
About the Authors	xiii
Foreword by Mario Draghi	xxi
Introduction	xxiii

PART I: BASEL IN THE SHADOW OF THE CRISIS

1 The Big Financial Crisis	3
<i>Paul Collazos</i>	
Bank of England	
2 The Policy Response: From the G20 Requests to the FSB Roadmap; Working Towards the Proposals of the Basel Committee	45
<i>Patrizia Baudino</i>	
European Central Bank	

PART II: THE NEW CAPITAL STANDARDS

3 The New Definition of Regulatory Capital	73
<i>Laetitia Meneau; Emiliano Sabatini</i>	
French Prudential Supervisory Authority; Bank of Italy	
4 A New Framework for the Trading Book	99
<i>Federico Cabañas</i>	
Bank of Spain	
5 Counterparty Credit Risk and Other Risk-Coverage Measures	137
<i>Akhtar Siddique</i>	
Office of the Comptroller of the Currency	

- 6 Tools for Mitigating the Procyclicality of Financial Regulation** 155
Mario Quagliariello
 European Banking Authority

PART III: COMPLEMENTING CAPITAL REGULATION

- 7 The Regulatory Leverage Ratio** 185
Alan Adkins
 Financial Services Authority

- 8 The New Framework for Liquidity Risk** 207
Gianluca Trevisan
 Bank of Italy

- 9 The Discipline of Credit Rating Agencies** 243
Luca Giordano, Valerio Novembre, Neomisis Susi
 CONSOB

- 10 Systemically Important Banks** 289
Daryl Collins, David Rule
 UK Financial Services Authority

- 11 Regulating Remuneration Schemes in Banking** 301
Isabel Argimón, Gerard Arqué, Francesc Rodríguez
 Bank of Spain

PART IV: THE EMERGING REGULATORY LANDSCAPE

- 12 Crisis Management and Resolution** 339
Giovanni Bassani; Maurizio Trapanese
 UK Financial Services Authority; Bank of Italy

- 13 The Impact of the New Regulatory Framework** 375
Francesco Cannata; Ulrich Krueger
 Bank of Italy; Deutsche Bundesbank

- 14 A Brazilian Perspective on Basel III** 397
Lucio Rodrigues Capelletto, Paula Cristina Seixas de Oliveira
 Central Bank of Brazil

15 A New Institutional Framework for Financial Regulation and Supervision	421
<i>Andrea Enria; Pedro Gustavo Teixeira</i>	
European Banking Authority; European Central Bank	
Annex A: Structural Regulation Redux: The Volcker Rule	469
<i>Marco Bevilacqua</i>	
Bank of Italy	
Annex B: The Changing Uses of Contingent Capital under the Basel III Framework	485
<i>Massimo Libertucci</i>	
Bank of Italy	
Index	497