

Course Syllabus

Course	Banking and Capital Market Regulation
Lecturer(s)	Marcello Messori and Francesco Papadia
Course Description	<p>The course aims at giving to students the basic understanding of the reasons, the tools and the consequences of financial regulation, in particular in the European Union and in the Euro area. The course covers both banking and capital market regulation. It concentrates on the economic rather than the institutional and legal aspects of regulation, also addressing issues of actual implementation. The financial crisis is unavoidably also dealt with, since faulty regulation was one of the causes of the crisis but also because the crisis brought about deep changes to regulation.</p>
Primary References and Additional Materials	<p>Armour, J. <i>et al.</i>, <i>Principles of Financial Regulation</i>, Oxford UP 2016.</p> <p>Avgouleas, E., Goodhart, C. “Critical Reflections on Bank Bail-Ins”, <i>Journal of Financial Regulation</i>, February 2015, pp. 1-27.</p> <p>Barucci, E., Messori, M. (eds), <i>Towards the European Banking Union</i>, Passigli Editore 2014.</p> <p>M. Demertzis, S.Merler and G.B. Wolff, <i>Capital Markets Union and the Fintech Opportunity</i>. (https://bruegel.org/2018/03/capital-markets-union-and-the-fintech-opportunity-2/)</p> <p>Gloecker, G., Lindner, J., Salines, M. “Explaining the Sudden Creation of a Banking Supervisor for the Euro Area”, <i>Journal of European Public Policy</i>, vol. 24, pp. 1135-53.</p> <p>Goodhart, C. “Financial Crises”, <i>CFA Institute Research Foundation</i>, 2016.</p> <p>Moloney, N., Ferran, E., Payne, J. (eds.) <i>The Oxford Handbook of Financial Regulation</i>, Oxford UP 2015.</p> <p>I. Goncalves Raposo, A. Lehman, <i>Equity finance and capital market integration in Europe</i> (https://bruegel.org/2019/01/equity-finance-and-capital-market-integration-in-europe/)</p> <p>A. Sapir, N. Véron, G.B. Wolff, <i>Making a reality of Europe’s Capital Markets Union</i> (https://bruegel.org/2018/04/making-a-reality-of-europes-capital-markets-union/)</p> <p>Schoenmaker, D., Véron, N. (eds) <i>European Banking Supervision: The First Eighteen Months</i>, Bruegel Institute 2016.</p>

	<p>Valiante, D. <i>Europe's Untapped Capital Market: Rethinking financial integration after the crisis</i>, Rowman & Littlefield 2016. This book is also available for free downloading in a PDF file on the CEPS website (www.ceps.eu).</p> <p>Slides provided by the lecturers.</p> <p>Additional papers and material will be suggested throughout the course.</p>
Course Objectives	Understanding and critically evaluating financial regulation.
Prerequisite(s)	Attendance of the preliminary courses (if required in the admission letter)
Teaching Method(s)	Lectures and student participation.
Assessment Method(s) and Grading Policy	Written exam (multiple choice questions, free format question, short essay)

EXTENDED COURSE PLAN & LECTURE-SPECIFIC REFERENCES		
Lecture 1	<i>Topic</i>	The international financial crisis, banking regulation failures, and the initiatives taken in the European Union: the new European authorities.
	<i>References</i>	Goodhart, C. "Financial Crises", <i>CFA Institute Research Foundation</i> , 2016. Messori, M. <i>The financial crisis: Understanding it to overcome it</i> , Assogestioni (www.assogestioni.it) 2009.
Lecture 2	<i>Topic</i>	Sovereign debt crisis and the banking crisis (2011-12): the European diabolic loop.
	<i>References</i>	Lecturer slides.
Lecture 3 and 4	<i>Topic</i>	The different steps of the Banking Union Process and the related creation of the Single supervisory Mechanism and the Single Resolution Fund.
	<i>References</i>	Lecturer slides. Gloecker, G., Lindner, J., Salines, M. "Explaining the Sudden Creation of a Banking Supervisor for the Euro Area", <i>Journal of European Public Policy</i> , vol. 24, pp. 1135-53.
Lecture 5	<i>Topic</i>	The main limits in the working of the first pillar
	<i>References</i>	Barucci, E., Messori, M. (eds), <i>Towards the European Banking Union</i> , Passigli Editore 2014.
Lecture 6	<i>Topic</i>	The main limits in the working of the second pillar
	<i>References</i>	Barucci, E., Messori, M. (eds), <i>Towards the European Banking Union</i> , Passigli Editore 2014. Avougleas, E., Goodhart, C. "Critical Reflections on Bank Bail-Ins", <i>Journal of Financial Regulation</i> , February 2015, pp. 1-27
Lecture 7	<i>Topic</i>	The completion of the Banking Union Process: public back stop and EDIS
	<i>References</i>	Bruni, F., Fabbrini, S., Messori, M. "Europe 2017: Make it or break it?" <i>SEP Policy Brief</i> , January 2017. P. Schlosser, "Still looking for the Banking Union's fiscal backstop", <i>Mimeo</i> 2017.
Lecture 8	<i>Topic</i>	The implementation of the New Regulation: the ECB's Comprehensive Assessment (2014) and the open problems in the European banking sector.
	<i>References</i>	Schoenmaker, D., Véron, N. (eds) <i>European Banking Supervision: The First Eighteen Months</i> , Bruegel Institute 2016.
Lecture 9 Lecture	<i>Topic</i>	The limits of the government intervention and the case of the Italian banking sector.

<i>Duration:</i> 90 mins	<i>References</i>	Lecturer slides
Lecture 10 <i>Lecture</i> <i>Duration:</i> 90 mins	<i>Topic</i>	General Discussion
	<i>References</i>	
Lecture 11 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	The analytics of Capital Market (CM) regulation
	<i>References</i>	Armour, J. <i>et al.</i> , <i>Principles of Financial Regulation</i> , Oxford UP 2016. Moloney, N., Ferran, E., Payne, J. (eds.) <i>The Oxford Handbook of Financial Regulation</i> , Oxford UP 2015.
Lecture 12 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	CM Regulation and liberalization; Micro and Macro prudential regulation.
	<i>References</i>	Armour, J. <i>et al.</i> , <i>Principles of Financial Regulation</i> , Oxford UP 2016. Lecturer slides.
Lecture 13 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	CM Regulation and the financial crisis.
	<i>References</i>	Armour, J. <i>et al.</i> , <i>Principles of Financial Regulation</i> , Oxford UP 2016. Lecturer slides.
Lecture 14 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	International aspects of CM regulation. The political economy of regulation.
	<i>References</i>	Armour, J. <i>et al.</i> , <i>Principles of Financial Regulation</i> , Oxford UP 2016.
Lecture 15 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	Bank vs CM intermediation in Europe; structure of European Capital Market.
	<i>References</i>	Armour, J. <i>et al.</i> , <i>Principles of Financial Regulation</i> , Oxford UP 2016. Gambacorta, Tatsaronis, Yang, “Financial Structure and Growth”, <i>BIS Quarterly Review</i> , March 2014. I. Goncalves Raposo, A. Lehman, <i>Equity finance and capital market integration in Europe</i> (https://bruegel.org/2019/01/equity-finance-and-capital-market-integration-in-europe/) Lecturer slides.
Lecture 16 <i>Lecture</i> <i>Duration:</i> 2 <i>hours</i>	<i>Topic</i>	Financial market integration and barriers to market integration. Capital Markets Union.
	<i>References</i>	A. Sapir, N. Véron, G.B. Wolff, <i>Making a reality of Europe’s Capital Markets Union</i> (https://bruegel.org/2018/04/making-a-reality-of-europes-capital-markets-union/) M. Demertzis, S. Merler and G.B. Wolff, <i>Capital Markets Union and the Fintech Opportunity</i> . (https://bruegel.org/2018/03/capital-markets-union-and-the-fintech-opportunity-2/)

		<p>Valiante, D. <i>Europe's Untapped Capital Market: Rethinking financial integration after the crisis</i>, Rowman & Littlefield 2016. This book is also available for free downloading in a PDF file on the CEPS website (www.ceps.eu).</p> <p>European Commission, 30.9.2015 COM(2015) <i>Action Plan on Building a Capital Markets Union</i>. (https://ec.europa.eu/info/publications/action-plan-building-capital-markets-union_en)</p> <p>European Commission, 8.6.2017 COM(2017) 292 final, <i>Mid-Term Review of the Capital Markets Union Action Plan</i>. (https://ec.europa.eu/info/sites/info/files/communication-cmu-mid-term-review-june2017_en.pdf)</p> <p>European Commission, Capital Markets Union: progress on building a Single Market for capital for a strong Economic and Monetary Union. 15 March 2019 (http://ec.europa.eu/finance/docs/policy/190315-cmu-communication_en.pdf)</p> <p>European Commission, Capital Markets Union: progress on building a Single Market for capital for a strong Economic and Monetary Union. Staff Working Document 15 March 2019. (http://ec.europa.eu/finance/docs/policy/190315-cmu-staff-working-document_en.pdf)</p> <p>Lecturer slides.</p>
<p>Lecture 17 Lecture Duration: 2 hours</p>	<p>Topic</p>	<p>Institutional set-up: ESRB, ESAs (EIOPA and ESMA);</p> <p>Building Blocks (I):</p> <ul style="list-style-type: none"> • UCITS • MiFID.
	<p>References</p>	<p>Haar, B. "Organizing Regional System: the EU example", in Moloney, N., Ferran, E., Payne, J. (eds.) <i>The Oxford Handbook of Financial Regulation</i>, Oxford UP 2015.</p> <p>European Commission, Capital Markets Union: progress on building a Single Market for capital for a strong Economic and Monetary Union. 15 March 2019 (http://ec.europa.eu/finance/docs/policy/190315-cmu-communication_en.pdf)</p> <p>A. Sapir, N. Véron, G.B. Wolff, <i>Making a reality of Europe's Capital Markets Union</i> (https://bruegel.org/2018/04/making-a-reality-of-europes-capital-markets-union/)</p>
<p>Lecture 18 Lecture Duration: 2 hours</p>	<p>Topic</p>	<p>Building Blocks (II):</p> <ul style="list-style-type: none"> • Prospectus Directive • Transparency Directive • Solvency 2 • EMIR • STS (Securitisation).
	<p>References</p>	<p>European Commission, Capital Markets Union: progress on building a Single Market for capital for a strong Economic and Monetary Union. 15 March 2019 (http://ec.europa.eu/finance/docs/policy/190315-cmu-communication_en.pdf)</p>

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