TAMING THE GIANTS: REGULATION AND SUPERVISION OF SYSTEMICALLY IMPORTANT BANKS – IMPLEMENTING NEW STANDARDS

JUNE 14-19, 2015

Location: Toronto, Canada

Program Agenda

Register Online at www.torontocentre.org
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Program Overview

The Global Financial Crisis identified “too big to fail” as a key issue and highlighted that systemically important banks (SIBs) could be a source of systemic disruption when they have problems. Most jurisdictions have SIBs that pose challenges to supervisory and resolution authorities regarding how to designate D-SIBs in practice and how to set capital surcharges. While not all countries’ supervisory authorities have confronted these challenges, there is a growing set of examples to learn from.

This program will take stock of the progress in implementing new regulatory standards developed by the Financial Stability Board and the Basel Committee on Banking Supervision in key jurisdictions and provide practical examples that are relevant to emerging markets and developing economies.

The program will be highly interactive and participants will have opportunities to share experiences and compare alternative approaches to addressing these challenges. Participants will also glean insight from panel discussions that will spark debates on key challenges and unresolved issues.

Throughout the week and with the guidance of our program leaders, participants will put into practice Toronto Centre’s action planning, stakeholder management concepts, and communication tools, thereby enabling them to develop their own action plans for self-identified challenges to implement in their home agencies when they return.

Who Should Attend?

This program is designed for mid- to senior-level staff, managers, and board members involved in regulatory and supervisory activities at central banks, supervisory authorities, deposit insurers, and resolution agencies. Participants should have at least three years of working experience in financial sector supervision, analysis, or policy and planning. This program is conducted in English.

Register Online at www.torontocentre.org

Early Bird Deadline

April 1, 2015

Program Objectives

Upon completion of this five-day course, participants will better understand how to:

- Identify banks that pose systemic risk to the financial system
- Apply more intensive and effective supervision to SIBs
- Determine appropriate levels of capital and of bail-in liabilities
- Assess recovery plans and resolvability
- Develop credible and effective resolution plans and strategies
- Work with counterparts in other jurisdictions: cross-border co-operation arrangements
- Learn from other countries’ experiences

Where is the Program?

The program is held at the Schulich School of Business at York University in Toronto, Canada’s largest city and the centre of its banking and financial services industry. Accommodations are available on-site. At the start of the program, participants will be treated to a networking tour of some of the region’s most popular attractions.
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Sunday, June 14
08:00 Networking Tour to Niagara Falls
18:00 Icebreaker and Welcome Dinner

Monday, June 15
08:15 Welcome and Opening Remarks
   Mr. Babak Abbaszadeh, President and CEO, Toronto Centre
08:45 SESSION 1: Participant Roundtable
   Participants introduce themselves and share their objectives for the program
10:00 Group Photograph
10:15 SESSION 2: Challenges SIBs Pose for Supervisors and Resolution Authorities – Panel Discussion
   Clive Briault, David Scott, Jan Nolte
   Panelists will discuss and debate key challenges and unresolved issues
12:30 Lunch
13:30  **SESSION 3:**  
**Context for Change**  
*Clive Briault*  
The financial crisis identified “too big to fail” (TBTF) as a key issue. Various proposals have been put forward by commentators on how to address this issue. International standard-setters and national authorities have taken forward some of these proposals, albeit not always consistently.

14:30  **SESSION 4:**  
**Stakeholder Communication**  
*Gerry Lewis, Facilitator, Toronto Centre*  
An approach to persuading stakeholders to support your Action Plan options:

- Analyze stakeholders – who are they, what are they likely to like and dislike about your proposal, and what is needed to get their support and/or overcome their resistance
- Four-box model for effective persuasion and communication
- How to build a “burning platform” for change

15:30  Break

15:45  **SESSION 5:**  
**Action Planning**  
*Demet Çanakçı*  
Participants will learn about a framework for tackling challenges faced at work.

- Analyze the situation and develop a clear and concise statement of the problem
- Identify preferred outcomes, develop a goal statement, and consider alternative ways to reach the goal
- Develop an action plan, and consider contingencies and how to deal with them
- Consider how to communicate with key stakeholders, and
- Prepare an action plan

16:30  **Action Planning**  
Participants will start applying the action planning methodology with the assistance of program leaders. The first day will focus on understanding the situation and developing a precise definition of the problem identified by the participant.
Tuesday, June 16

08:15  Ideas I Will Use

08:30  SESSION 6: Assessment Methodology to Identify SIBs
       Walter Engert
       • Assessment approach
       • Basel criteria: Size, interconnectedness, substitutability, complexity, and cross-jurisdictional activity
       • Quantitative and qualitative indicators
       • Data requirements
       • Country examples

10:30  Break

10:45  SESSION 7: Higher Loss Absorbency
       Walter Engert
       • Determining HLA requirements
       • Interaction with other capital buffers
       • Interaction with Pillar 2
       • Home/host issues
       • Country examples

12:30  Lunch

13:30  SESSION 8: Group Activity
       Clive Briault

15:00  Break

15:15  SESSION 9: Keynote Speech on More Intensive Supervision
       Charles Taylor

16:30  Action Planning
       Participants will continue to work on their Action Plans with the assistance of program leaders. In this session, they should be working on setting the goal and outlining their plans.
Wednesday, June 17

08:15 Ideas I Will Use

08:30 SESSION 10:
Recovery Planning and Crisis Management Groups (CMGs)
Olga Krokhina
- Governance arrangements
- Relationship to the risk management function
- Quantitative and qualitative triggers
- Recovery measures
- Role of supervisors
- Country experiences

09:30 Break

09:45 SESSION 10 ( Continued ):
Recovery Planning and CMGs
Olga Krokhina

10:45 SESSION 11:
Recovery Planning: Group activity
David Scott, Jan Nolte

12:30 Lunch

13:30 SESSION 12:
Special Resolution Regimes: Overview of the FSB’s Key Attributes
David Scott
- Scope
- Resolution Authority
- Powers
- Safeguards
- Resolution Funding
- Resolution Planning
- Cross-border cooperation and coordination

14:45 Break

15:00 SESSION 13:
Group Activity
Clive Briault
16:00  **SESSION 14:** Resolution Toolkit  
*Clive Briault*  
- Sale of business  
- Bridge institutions  
- Asset separation  
- Bail-in

17:00  **Action Planning**  
Participants will continue to work on their Action Plans with the assistance of program leaders.

**Thursday, June 18**  
08:15  **Ideas I Will Use**

08:30  **SESSION 15:** Resolution in Practice  
*Clive Briault*  
- Triggers for resolution  
- Special resolution regime  
- Choice of resolution tools  
- Valuation, bail-in and restructuring  
- Time horizons

09:45  **SESSION 16:** Canadian Experience  
*Thomas Sauvé*  
- Lessons from participation in G-SIB Crisis Management Groups  
- Resolution Planning for Canadian D-SIBs  
- Cross-border implications and cooperation with host authorities

10:30  Break

10:45  **SESSION 17:** Resolution Strategies and Plans: Group activity  
*Clive Briault*  
Designed to highlight the critical importance of effective resolution planning at cross border level

12:30  Lunch
13:30  **SESSION 17 (continued):**  
*Clive Briault*

15:30  Break

15:45  **SESSION 18:**  
*Deposit Insurers and Resolution Regimes*  
*Jan Nolte*

- Updated IADI core principles
- Assessment methodology for deposit insurers
- Funding of bank resolution
- Country experiences

16:30  **Individual Action Plan**  
Participants will finalize their Action Plans for presentation on Friday.

**Friday, June 19**

08:15  **Ideas I Will Use**

08:30  **Action Plans Presentations by Participants**  
Participants will present their Action Plans to the group and receive feedback from program leaders and colleagues.

10:30  Break

10:45  **Panel discussion: Q & A**  
*Clive Briault, David Scott, Jan Nolte*

Questions and comments from participants will form a key component of the discussion

12:00  **Closing Ceremony and Certificate Presentation**

13:00  **Lunch**

18:30  **Dinner at CN Tower**
Clive Briault

Clive Briault is a senior adviser on regulation at KPMG, an adviser to a number of supervisory authorities in Europe, and has acted as a consultant to the IMF, World Bank and Asian Development Bank. He is also a non-executive director of a financial services company in the U.K. After completing an M.Phil. in Economics at Nuffield College, Oxford, Clive joined the Bank of England in 1980. His roles there included Head of Monetary Assessment and Strategy (1991-96), and Head of Capital and Wholesale Markets Division (from 1996-98). He joined the Financial Services Authority (FSA) at its formation in 1998 as Director of Central Policy, and was Director, Prudential Standards from 2001-04. Clive was Managing Director of Retail Markets at the FSA from 2004-08. He had responsibility for the regulation of firms and groups which offer services primarily for the retail markets, as well as the associated policy framework, the FSA’s firm and consumer contact center, and its financial capability work.

Demet Çanakçı

Demet Çanakçı is a Program Director at the Toronto Centre. Before joining Toronto Centre she served as deputy head in the Financial Sector Assessment division of the Central Bank of Turkey (CBRT). She was responsible for both financial stability and international regulations, including Basel III and Financial Stability Board (FSB) work. She served as a team member in the Indonesian Country Peer Review, which was conducted by the FSB. In 1995, she worked as an economist at the IMF and was also a Visiting Scholar at George Washington University in D.C., U.S.A. Before joining the CBRT, she served as a Deputy Head in Banking Regulation and Supervision Agency of Turkey where she was involved in banking sector restructuring and crisis management. She has Master of Economics degree with a minor in Finance from North Carolina State University of the U.S.A.
Walter Engert

Walter Engert is the Senior Director of Research at the Office of the Superintendent of Financial Institutions (OSFI), Canada. He is responsible for analysis of system-wide risks and vulnerabilities, macroeconomic stress testing, and advice on a wide range of financial-sector policy issues such as dealing with systemically important financial institutions, contingent capital and bail-in. He is a former member of the Basel Committee "Macroprudential Supervision Group" (developed the G-SIB and D-SIB frameworks), and the "Macro Variables Task Force" (developed the countercyclical capital buffer).

Prior to joining OSFI in 2009, he worked at the Bank of Canada for almost 25 years, where he held increasingly senior positions, with responsibility for monetary policy research, financial sector policy advice, and oversight of payments, clearing and settlement systems. He played a leading role in the development of the Bank of Canada's lender-of-last resort policy, and in the Bank of Canada's work to provide liquidity to the financial system during the Global Financial Crisis. He was also a member of the Global Committee on Payments and Market Infrastructures. As well, he spent over three years on the staff of the Executive Board of Directors of the International Monetary Fund.

Walter has published numerous articles in these fields, and has a B.Comm. (Finance, summa cum laude) and M.A. (Economics) from McMaster University.

Olga Krokhina

Olga Krokhina is a manager, Recovery and Resolution Planning, at the Office of Superintendent of Financial Institutions. In this capacity, Olga has been developing RRP expectations for Canadian financial institutions, leading RRP assessment work and interfacing with domestic and international regulatory agencies. Since 2002, Olga has held a variety of supervisory positions at OSFI, including supervision of the largest bank, credit risk assessment, Basel II implementation and ERM. Prior to joining OSFI, Olga worked in the financial sector and academia.
Jan Philipp Nolte

Jan Philipp Nolte works as a Senior Financial Sector Specialist in the World Bank’s Financial Architecture and Banking Systems Unit. The unit serves as the FSB secretariat for the World Bank and he has been working with the Key Attributes of Effective Resolution Regimes and its assessment methodology. His main areas of work are in the field of deposit insurance and bank resolution and he is also an assessor for the IMF-World Bank FSAP program.

Prior of working with the Bank, he was a Division Manager for the Deposit Protection Fund of German Banks where he gained practical experience in the field of bank resolution. Already in this capacity he has analyzed and commented on initiatives and legal proposals regarding bank resolution and insolvency laws on an international and national level (e.g., Financial Stability Board, Basel Committee on Banking Supervision, and the European Union’s Bank Recovery and Resolution Directive/BRRD). Jan Philipp Nolte is a German lawyer by training.

Thomas Sauvé

Thomas Sauvé holds a B.Mgmt degree from the University of Lethbridge, an M.B.A. from McGill University, and a Chartered Financial Analyst designation.

He joined CDIC’s Complex Resolution Division in 2012 and has worked to build the Resolution Planning team and prepare resolution plans for Canada's largest banks. Prior to taking up his current post at CDIC, Thomas worked for Bank of America Merrill Lynch bank for 12 years, gaining experience in market risk and counterparty credit risk management where he dealt with derivative exposures to special purpose vehicles, asset backed lending (consumer lending, residential and commercial mortgages), and non-performing loan portfolios backed by hard assets. Thomas has worked in banking in Toronto, New York, Tokyo, and London.
David Scott

David Scott is a cofounder of The Toronto Centre and serves as an advisor, including in establishing its Supervisory Guidance function. He previously worked at the World Bank where he managed a team of financial sector supervisors. In that capacity, he engaged with the Financial Stability Board (FSB) on matters relating to strengthening resolution regimes and with the Basel Committee on Banking Supervision (BCBS) on matters relating to the implementation of BCBS principles and standards. He participated in the FSAP program, leading the first FSAP in Malaysia, and led the first assessment of the FSB’s Key Attributes for Effective Resolution Regime, in Switzerland. He has been engaged in supporting governments to resolve financial crises, managing the World Bank’s financial sector program in Korea during the Asian crisis and advising in Mexico (1994-96), Thailand (1997) and Ecuador (1999-2000). Prior to joining the World Bank, he served for fifteen years as bank supervisor with the U.S. Office of the Comptroller of the Currency in a variety of positions in its Atlanta regional office and Washington headquarters.

Charles Taylor

Charles Taylor is Deputy Comptroller for Capital and Regulatory Policy at the Office of the Comptroller of the Currency (OCC) at the U.S. Department of the Treasury. Mr. Taylor oversees formulation of OCC policy on bank capital issues, including developing policies and regulations to implement revisions to the Basel Capital Accord.

Prior to joining the OCC, Mr. Taylor served as Director of the Financial Reform Project at the Pew Charitable Trusts. From 2002 to 2008, Mr. Taylor was Director, Operational Risk at the Risk Management Association and a member of the association’s leadership team. Before 2002, he was Managing Director Strategy Development at the Depository Trust & Clearing Corporation in New York and immediately prior to that, head of the global risk management practice at Andersen Consulting. As Executive Director of the Group of Thirty in the first half of the 1990s, he authored several studies, spoke widely, and advised government and industry on issues of public policy and private practice in financial services.

Mr. Taylor started his career at the World Bank in 1973. He has degrees from Oxford and Cambridge in economics and mathematics and from the University of Pennsylvania in business. He is a Fellow at the Financial Institutions Center at the Wharton School of the University of Pennsylvania.