

OVERVIEW OF FINANCIAL MARKETS AND REGULATION

24-hour course

Pierre Francotte

Pierre Francotte is a member of Belgium's College of Resolution of banks. He is Professor of finance at Solvay Brussels School of Economics and Management. He is also Senior Advisor at Kreab. He was an independent Board member of Belfius Bank (2012-15). He was previously CEO of Euroclear group (2000-10), after having held various senior positions in JP Morgan/Euroclear, including Chief Operating Officer and General Counsel. He is Chairman of the Financial Services and Technology Forum and was Chairman of the ECMI-CEPS Task Force on MiFID Review (2011-12).

Course Outline

This course provides Participants with a transversal view of the financial markets and their key regulatory pillars. It gives the "big picture" view for the programme, which allows Participants to delve in greater depth in specific topics in the other courses.

The course reviews the evolution of the banking business model and articulates the causes of the financial crises of 2007 and 2011.

It outlines the role of the main actors in the financial industry, including banks, assets managers, investment funds and fund managers, global and local custodians, as well as infrastructure companies. It details the key components of Shadow Banking and its drivers and regulation.

Key financial products, such as securities and derivatives, are analysed, as well as specific products such as money market funds, repurchase agreements, securitised products, credit default swaps, and covered bonds.

The course provides a high level picture of the regulatory and supervisory evolution, including Basle rules and CRD, BRRD, as well as AIFMD, MiFID, and other regulations. It also details some of the important governance regulations following the financial crisis and their relevance to risk management.

At the end of the course, Participants will be able to:

- grasp the most relevant elements of the regulatory framework for banks, asset managers and other actors and why and how it has evolved since the crisis.
- understand the role and the activities of the key players in the financial sector and how they interact with one another
- understand the key characteristics of key financial products used in the banking and asset management fields and for which purpose.
- apprehend cross-disciplinary issues and evaluate connections between the various facets of the financial world, from operations to strategy.

Course Structure

- I. General Introduction: Financing and Financial Regulation**
 - a. Financing
 - b. Financial regulation/Objectives of financial regulation
 - c. Regulatory and supervisory framework in EU and US
 - d. Typology of risks
- II. The Transformation of Financial Markets and the 2007 and 2011 Financial Crises**
 - a. The transformation of financial markets and evolution of the traditional banking model
 - b. The 2007 financial crisis
 - c. The 2011 sovereign debt crisis
- III. Financial Products: Securities and Derivatives**
 - a. Securities
 - b. Derivatives
- IV. Financial Products: Review of Key Specific Products**
 - a. Money market funds
 - b. Repurchase agreements
 - c. Subprimes and collateral debt obligations
 - d. Credit default swaps
 - e. Covered bonds
- V. Banks and Banking Regulation**
 - a. Banks
 - b. Financial regulation of banks
 - i. Basle rules
 - ii. Bank Recovery and Resolution rules
 - c. Governance regulation of banks
 - i. General
 - ii. Rules on governance of banks
 - iii. Rules on compensation of bank managers
- VI. Other Financial Intermediaries**
 - a. Investment banks
 - b. Asset Managers
 - i. Generic asset managers
 - ii. Hedge funds and private equity funds
 - c. Sovereign Wealth Funds
 - d. Custodian banks
 - i. Global custodians
 - ii. Local custodians
- VII. The Securities and Derivative Markets**
 - a. Holding and transfer of securities and derivatives
 - b. The securities and derivatives infrastructure
 - i. Exchanges
 - ii. Central Counterparties (CCPs)
 - iii. Central Securities Depositories (CSDs and ICSDs).