



Course and Examination Fact Sheet: Spring Semester 2018

8,165: Regulation of Financial Systems

ECTS credits: 2

Overview examination/s

(binding regulations see below)

Decentral - Written examination (100%, 60 mins.)

Attached courses

Timetable -- Language -- Lecturer

[8,165,1.00 Regulation of Financial Systems](#) -- Englisch -- [Orlov Vitaly](#)

Course information

Course prerequisites

The course requires good knowledge of basic macroeconomic principles, the completion of "Financial Markets" course is beneficial, but not required. This course does not have many prerequisites and there is not an expectation that students will have prior professional or academic work in this field. A useful resource for students with no exposure to any of these topics is the website of MIT Sloan Professor Simon Johnson [blog](#), New York Fed's [Liberty Street Economics blog](#), other economic and financial blogs, and market commentary.

Course content

This course covers important up-to-date issues in formulation, implementation, and impact of regulatory policy on the capital markets and the financial system, with emphasis on the recent financial crisis, reform efforts thus far, and potential future actions. By focusing on the big picture via core principles, this course delivers the rationale for financial rules and institutional structure so that even when the financial system evolves, students' knowledge will not be out of date.

Course structure

This course will have 24 teaching hours and will cover the following topics:

1. Introduction to Financial Regulation
 - Rationales for Financial Regulation
 - Principles of Regulation
 - Who Regulates Whom and How?
2. Dodd-Frank Act and Systemic Risk
 - Overview of the Dodd-Frank Act
 - Overview of Systemic Risk, Correlation, Connectedness, and Contagion
 - Current Regulation of Systemic Risk
3. Capital and Liquidity
 - Capital and Liquidity Requirements
 - Basel III
4. Bank Recovery and Resolution
 - EU vs US resolution regime
 - Stress tests



5. Lender of Last Resort
 - Liquidity Supplier and Lender of Last Resort
 - Central Bank Independence
6. Too Big To Fail and Volcker Rule
 - Overview of the Volcker Rule
 - TBTF and Implications for Future Regulatory Policies
7. Derivatives, Clearing, and Currency Market Regulation
 - Derivatives Regulation and OTC Derivatives Market
 - Clearing Houses Regulations
 - Settlement Risk in the Global FX Market
8. Government Sponsored Enterprises and the Financial Crisis
 - Overview of GSE pre- and post-crisis
 - Future of GSE regulation
9. Money Market Funds and Shadow Banking
 - Regulation of Money Market Funds
 - Threats to financial stability posed by the Shadow Banking System
10. Dark Pools, High Frequency Trading and Decimalization
 - Evolution of Market Trading Structure
 - The implications of Dark Pools, HFT and Decimalization for Market Stability

Course literature

The extended course structure with pre-assigned literature for each topic as well as the readings themselves will be available on the course website in digital format only. It will be no hard copy handouts available. On the reading list, all required readings are marked with an asterisk (*). All other readings are optional.

Additional course information

Course participation

The class will be a mixture of lectures and in-class discussions. Therefore, active class participation is vital for this course. Students are expected to have full command of all readings for the class, including optional readings. All students are expected and should feel free to participate in the discussion of each topic.

Additional course information

This course is designed for graduate students in finance and economics; however participants of other master programs are welcome. This course could also be helpful for a wider range of professionals working (planning to work) in banking, financial regulation and other professionals who need to understand the key issues of the modern financial regulation

Examination information

Examination sub part/s



1. Examination sub part (1/1)

Examination time and form

Decentral - Written examination (100%, 60 mins.)

Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

The students' examination is a closed-book exam based on MCQs and open questions.

Examination relevant literature

The content of the reading list is compulsory literature for the exam in addition to slides and takeaways from the in-class discussions.



Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 25 January 2018
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 19 March 2018
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 09 April 2018

Please look at the fact sheet once more after these deadlines have expired.