



Course and Examination Fact Sheet: Spring Semester 2021

8,165: Regulation of Financial Systems

ECTS credits: 2

Overview examination/s

(binding regulations see below)

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

Examination time: term time

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.

Learning objectives

The main goal of this course is to cover 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.

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rules and institutional structure so that even when the financial system evolves, students' knowledge will not be out of date.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 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

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in SpS2021, the course information listed above will be changed as follows:

The course is conducted online via the platform ZOOM;
The recordings of the course are available for 30 days;
The lecturer informs via e-mail on the changed implementation modalities of the course;
Exam format will be changed to an online test in Canvas.

Examination information

Examination sub part/s

1. Examination sub part (1/1)

Examination time and form

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

Examination time: term time

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, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

none

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

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 12 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 28 January 2021);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 14 (Thursday, 8 April 2021).