

## Index

accounting standards Dutch banks and, 154-56 French banks and, 158-60 German banks and, 161-63 Asset-Backed Commercial Paper market, 4, 5. See also hybrid conduits; multiseller conduits; securities arbitrage conduits; shadow banking system; single-seller conduits; special-purpose entities; structured investment vehicles Basel Accords as furthering growth of and limiting national regulation of, 113-16 Citibank and emergence of in 1983, 86-88 differential engagement and exposure to in U.S. vs. European countries, 16-19, 35-38 European and U.S. bank exposure to in 2007, 42-43 evolution of market segments of pre and postcrisis, 40–41, 225 fall of during financial crisis, 32-35, 202 financial turbulence and core capital requirements in 1980s and, 84-86 lack of regulation of in U.S. until 1992, 88 methodological methods used in study of, 18-19 regulatory impact of sponsoring ABCP conduits on U.S. and European banks, 44-48 regulatory intervention in postcrisis, 205-10 regulatory loopholes and, 20-21 Asset-Backed Commercial Paper market (U.S.)

changes and regulatory unease in during 1990s, 96-100 Fin 46 rule and, 104-8 first regulatory dialogues on in 1980s, 89–90 first regulatory framework on from 1988–92, 90–96 uncertainty in after Enron, 102-3 Bank of America, 202 Bank Holding Company Act (1956, U.S.), 77, 79 Banking Act (1933, U.S.), 77 Basel Accords, 7, 53, 64, 110 ABCP market growth and national regulation and, 113-16 as leveling international competitiveness, 71-73 revisions to postcrisis, 205 Basel Committee for Banking Supervision (BCBS), 11 Basel I first regulatory dialogues on ABCP market in 1980s and, 90 Basel II, 6 negotiations from U.S. perspective, 100-2 Big Four auditing companies, 15, 18 Black, Julia, 16, 67 Citibank, 43, 202 ABCP market emergence in 1983 and, 86-88 cognitive capture, 52, 186 cognitive capture theory, 62–63 lack of regulation of shadow

banking and, 111

U.S., 80-84

compliance officers, 15

commercial paper market, rise of in

285



286 Index

Constant Net Asset Value of funds (CNAV), 204

deregulation current attempts of in U.S., 224 of 1990s and 2000s, 12 of U.S. commercial banks, 78-80 Dutch banks and banking regulation cognitive capture in, 186 competitive pressures and evolution of the regulatory regime in, 140-41 DNB as one-sided regulatory network in, 181-82, 196-99 engagement and exposure to ABCP market and, 16-19 national accounting standards and, 154-56 one-sided regulatory dialogue of DNB and, 183-86 regulatory interventions in 1999-2002 by, 52 SIC 12 rule and, 156-58, 166-70

Enron, 51, 102-3 European banks. See also Dutch banks; French banks; German banks ABPC market fall-out and impact of early financial crisis on, 44 comparison of competitiveness of national banking systems and regulatory intervention in foreign takeovers, 132-36 differential engagement and exposure to ABCP market by country, 16-19, 35-38 initial impact of financial crisis on from ABCP market exposure, 43-44 national regulation of and regulatory competition in integration of EU banking systems, 129-32 regulatory impact of sponsoring ABCP conduits on, 44-48 volume of structured investment vehicles and securities arbitrage conduits sponsored by, 42 European Systemic Risk Board (ESRB), 229

rise of IASC and challenge of to

national standard setters in, 147-52

transnational challenges to national regulatory change standard setting, 145–49

Federal Reserve (U.S.)

Basel II negotiations and, 100-2 first regulatory framework on ABCP market from 1988-92, 90-96 Federal Reserve of New York, report on shadow banking of, 25 Fin 46, 104-8 Financial Accounting Standards Board (FASB, U.S.), 102-4 financial crisis fall of ABCP market during, 32-35 initial impact on U.S. and European banks from ABCP market exposure, 43-44 lack of regulatory intervention in markets precrisis, 1 shadow banking system and, 1, 23-26 subprime mortgage market and, 23 financial innovation regulatory evasion and, 11-13 Financial Services Authority (FSA, UK), 55 Financial Stability Board, 2, 230, 231-33 Financial Stability Oversight Council (FSOC, U.S.), 229, 230 French banks and banking regulation adoption of SIC-like rules by, 160-61, 166-70 CB's collaborative regulatory network and, 186-88, 196-99 collaborative regulatory dialogues in, 188-96 competitive pressures and evolution of the regulatory regime in, 136–38 engagement and exposure to ABCP market and, 16-19 national accounting standards and, 158-60 regulatory interventions in 1999-2002 by, 49, 51

German banks and banking regulation absent regulatory dialogues of BaFin, 178–81

European Union



Index 287

blocked transition to SIC 12 – like rule, 163–70 competitive pressures and evolution of the regulatory regime in, 138–39 distant regulatory network of BaFin in, 175–78, 196–99 engagement and exposure to ABCP market and, 16–19 national accounting standards and, 161–63 Greenspan, Alan, 94, 95

hybrid conduits
definition of and structure of, 39
European and U.S. bank exposure to
in 2007, 42–43
market evolution of pre-and
postcrisis, 40–41

IKB (German bank), 23
information asymmetry, 12, 13, 16
International Accounting Standards
Board (IASB), 14, 64, 74, 148
International Accounting Standards
Committee (IASC)
rise of and challenge of to European
national standard setters, 147–52
international competitiveness, 13
Basel Accords as leveling of, 71–73
interpretive communities, 196–99

Japanese regulators, 12 JP Morgan, 202

King, Mervyn, 4

Lehman Brothers, 43, 204

market transactions
as tripartite transaction, 65
money center banks, 77, 78, 79
Money Market Mutual Funds
(MMMFs), 83–84
commercial paper market rise in
U.S. and, 83–84
Fed intervention in during financial
crisis, 203–5
regulation of by SEC in 1983, 87–88
timid reregulation of
postcrisis, 210–24

multiseller conduits
definition and structure of, 38
European and U.S. bank exposure to
in 2007, 42–43
market evolution of pre-and
postcrisis, 40–41

national regulation transnational governance formation and level playing field concerns and, 71–75 New Deal regulations, 77

orphan finance companies, 89

Penn Central Transportation Company, 81 Prime Reserve Fund, 204

Regulation Q, 78, 80, 83, 84 regulators and regulated, dialectical unity between, 9-11 regulatory arbitrage, 13-15 malleability of laws and accounting rules in, 64-70 regulatory capture, 13, 19, 52 regulatory capture theory, 62-63 regulatory change, transnational challenges to national, 145-49 regulatory dialogues, 15-17, 69-71 absent dialogues of BaFin (German bank), 178-81 collaborative dialogues of French banks, 188-96 first on ABCP market in 1980s, 89-90 implementation of principlebased regulation in regulatory networks, 172-75 necessity of including private expertise in, 15 one-sided regulatory dialogue of DNB (Dutch bank) and, 183-86 regulatory evasion financial innovation and, 11-13 regulatory exemption

of consolidated securitization SPEs in regard to national accounting rules and international banking regulation, 126–27



288 Index

regulatory exemption (cont.)
of securitization SPEs from credit
institutions and financial
institutions status, 124–26
of securitization SPEs in regards
to core capital requirements on
liquidity lines, 127–29
regulatory loopholes, 20–21
Riles, Anneliese, 12

Saint Germain Act (1982, U.S.), 84 securities arbitrage conduits definition and structure of, 38-39 European and U.S. bank exposure to in 2007, 42–43 market evolution of pre- and postcrisis, 40-41 volume of sponsored by U.S., U.K. and European banks, 41 Securities Exchange Commission (SEC) regulation of Money Market Mutual Funds (MMMFs) in 1983, 87-88 securitization. See also special-purpose entities (SPEs) role of banks in, 26 self-regulating markets lack of regulatory intervention pre-crisis and, 1, 225-26 service intermediaries, 15, 16 shadow banking system. See also Asset-Backed Commercial Paper market Basel Accords and, 72 conditions that facilitated growth of, 13 continuation of precrisis regulation problems in, 202 defined, xii, xiii, 25, 26 financial crisis and, 1, 23-26 global banking regulation and, 19 global regulation evasion and, 71, 72, 74 internal system of, 27 international banks and national regulation hybridity and, 4, 5 as outcome of fractured governance systems, xiii, 227 regulatory arbitrage and securitization techniques and, 3 regulatory future of, 233-39

shift in to due to regulatory agency, 7-8, 226-28 special-purpose entities and bank conglomerates and, 27-32 U.S. banks as originator of, 17, 225 SIC 12 rule, 149, 152-54, 166-70, 171 Dutch standard setting and, 156-58 French adoption of SIC - like rules, 160-61 German banks blocked transition to SIC 12 - like rule, 163-66 single-seller conduits definition of and structure of, 39 European and U.S. bank exposure to in 2007, 42-43 market evolution of pre-and postcrisis, 40-41 special-purpose entities (SPEs), 26, 27–32 regulatory exemption of consolidated in regard to national accounting rules and international banking regulation, 126-27 regulatory exemption of from credit institutions and financial institutions status, 124-26 regulatory exemption of in regards to core capital requirements on liquidity lines, 127-29 structured investment vehicles (SIVs), 110 banks postcrisis support to to maintain reputation, 202-3 definition and structure of, 39 European and U.S. bank exposure to in 2007, 42–43 market evolution of pre-and postcrisis, 40-41 volume of sponsored by U.S. and EU banks, 41 subprime mortgages, 23

Trump, Donald, 224

U.K. banks

conduits sponsored by, 41 U.S. banks ABCP market fall-out and impact of early financial crisis on, 43

volume of securities arbitrage



Index 289

deregulation and, 78–80 engagement and exposure to ABCP market, 16–19, 35–38 initial impact of financial crisis on from ABCP market exposure, 43–44 initiatives taken by postcrisis, 202–3 integration with capital markets in 1950s and, 77–79

New Deal regulations and, 77 as originator of shadow banking system, 17, 225 regulatory impact of sponsoring of ABCP conduits on, 44–48 regulatory interventions in ABCP market and, 51 volume of structured investment vehicles and securities arbitrage conduits sponsored by, 42