

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 1: Basic elements of financial regulation, behavioural economics, accounting and monetary economics

### A. Introduction

#### Session 1: Foundations of Financial Systems and Financial Regulation

- The functions and infrastructures of financial markets (incl. payment and settlement systems)
- Regulatory intervention in the financial system – justifications and objectives of financial regulation
- Development of a single EU financial market – different stages of integration
- The legal framework and constitutional constraints

#### Session 2: Financial markets in crisis: the examples of the 2008 Global Financial Crisis and the Covid-19 pandemic crisis

- Weaknesses of ‘enabling’ models in a crisis situation
- State aid law and its limited powers
- The renaissance of the nation state
- A move towards ‘More Europe’

### B. Financial Markets and Principles for Regulation

#### Session 3: Consumer Protection and Behavioural Economics

- Justifications for regulating consumer finance
- Key elements of behavioural law & economics
- Information regulation and financial education
- Conduct regulation
- Entry regulation for intermediaries, consumers and products

#### Session 4: Issuer Disclosure on public markets

- Mandatory disclosure on securities markets
- Goals and rationales of issuer disclosure regulation
- Issuer choice
- Enforcement

#### Session 5: Gatekeepers as Information Intermediaries

- Credit Rating Agencies
- Securities analysts and underwriters

#### Session 6: Insider Trading and Short Selling

- Insider trading and trade-based manipulation
- Short selling regulation

### C. Banking in Financial Regulation

#### Session 7: Banking Regulation

- Why are banks special?
- Financial and non-financial risks to which banks are exposed (credit, liquidity, interest rate, market risks – operational, environmental)
- Capital requirements and capital buffers: capital adequacy and leverage ratios
- Large exposures regulation
- Liquidity regulation
- Deposit insurance/guarantee/protection

#### Session 8: Banking Supervision

- Alternative models of banking (and in general financial) supervision: sectoral approach, full integration approach, twin-peaks approach
- Institutional separation between banking supervision and monetary policy
- Bank corporate governance: ‘Bank exceptionalism’ in corporate governance – Systemic risk implications

#### Session 9: Bank crisis prevention and management

- Crisis prevention measures: early intervention, recovery planning, resolution planning
- Banking resolution: objectives – tools – limitations
- Lending of last resort

### D. Banks and Markets

#### Session 10: Shadow banking

- Wholesale Funding and Structured Finance Markets
- Money Market Funds
- OTC Derivatives

#### Session 11: Structural regulation & macroprudential regulation

- From Glass-Steagall to today: goals and justifications of structural regulation and ring-fencing
- The Liikanen Report and structural banking separation in the EU
- Global attempts: the Independent Commission on Banking and the Volcker Rule
- A Macroprudential Approach to Financial Regulation

### E. Accounting and auditing for financial firms

#### Session 12: Structure and objective of financial statements

- Financial accounting versus managerial accounting
- Components and Objectives of financial statements
- Financial position – structure, content and key elements of the balance sheet
- Income statement

#### Session 13: Bookkeeping and IFRS accounting standards

- Double-entry bookkeeping
- International Financial Reporting Standards
- Auditing according to International Standards on Auditing (ISA)

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 2: Institutional aspects and current trends

### A. Essentials of EU Law

**Session 1:** EU competences, EU institutions and the sources of EU Law – the particular structure of EU Financial Law (including first references to the Lamfalussy process and “soft law”)

**Session 2:** The Court of Justice of the European Union (CJEU) – its jurisprudence in the field of the Financial System

**Session 3:** The European Central Bank (ECB) – the main provisions of the EU Treaties and of the Statute of the European System of Central Banks (ESCB) and the ECB

### B. The evolution of EU Financial Law

**Session 4:** From the early initiatives to the legislation adopted as a response to the 2007-2009 Global Financial Crisis

**Session 5:** The Banking Union and the Capital Markets Union

### C. Specific aspects of EU Financial Law

**Session 6:** The role of the ECB within the Single Supervisory Mechanism (SSM) and the European Systemic Risk Board (ESRB)

**Session 7:** The European Supervisory Authorities (ESAs)

**Session 8:** The Single Resolution Board (SRB) and the Single Resolution Fund (SRF) within the Single Resolution Mechanism (SRM) – the European Stability Mechanism (ESM)

**Session 9:** The law-making process under the TFEU, the “Lamfalussy process” and the ever-increasing role of “soft law”

### D. The impact of international financial law on the shaping of EU financial law

**Session 10:** Historical overview

**Session 11:** International financial fora and international financial standards (the important role of “soft law” once again)

## Course 3: EU banking regulation (1): general aspects

**Session 1:** The Capital Accord and Liquidity Accord of the Basel Committee on Banking Supervision (Basel III, Basel IV) and the Framework for supervision of Systemically Important Institutions of the Financial Stability Board The Three Pillar Model of Banking Supervision and the BCBS Core principles for effective banking supervision

**Session 2:** The perimeter of credit institution, the shadow banking doctrine, authorisation of banks and the supervision of holders of qualifying holdings in credit institutions

**Session 3:** Business models of banks, governance and management Fit and property requirements for bank management

The supervision on culture and ethical behaviour by banks

**Session 4:** Risk types for banks (credit risk, market risk, operational risk, liquidity risk) and the methods to ensure proper capitalisation and liquidity management

Capital buffers, capital ratios, leverage ratio, LCR and NSFR

**Session 5:** Standardised Approaches and Internal Ratings Based (IRB) Approaches

The role of the credit assessment of External Credit Assessment Institutions (ECAI) in the measurement of credit risk

**Session 6:** Credit risk mitigation techniques and credit risk transfer techniques (including securitisation)

**Session 7:** Qualitative capital requirements. CET1, AT1 and Tier2 capital instruments, their governance, concepts and requirements

The interplay between capital requirements and MREL/TLAC

**Session 8:** Funding structure and strategies and the role and protection of depositors and ordinary creditors of banks

Different funding models and reliance on deposits and savings versus

interbank financing and the role of the reserve banking with central banks

The role of Deposit Guarantee Schemes

**Session 9:** Proportionality in the application of substantive banking law in Europe

The distinctions between systemically important and other banks.

The centralised supervision on significant banks

**Session 10:** Pillar 2: the Supervisory Review and Evaluation Process

Internal Capital and Liquidity Adequacy Assessments

Stress testing and the concepts of P2-Required and P2-Guidance capital

**Session 11:** Early intervention measures, recapitalisation, profit retention, divestiture and balance sheet abbreviations and the role of the rules on Maximum Distributable Amounts (MDA)

**Session 12:** Common Reporting Framework and FINREP

Prudential reporting by banks to competent authorities

Relationship with ICAAP and ILAAP

**Session 13:** Wrap up session and introduction to the work group assignment: draft an Internal Capital and Liquidity Adequacy Process (ICAAP) document for a fictitious bank.

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 4: EU capital markets regulation (1): general aspects

**Session 1:** The institutional structure of the financial system  
The financial system as an answer to the problems raised by transaction costs, asymmetry of information and different preferences in the circulation of monetary resources

**Session 2:** The rationale for regulating the financial system and the main features of EU financial regulation  
Financial markets, financial instruments, market participants, and supervisors  
Processes and strategies of EU financial markets law

The institutional structure of EU financial regulation after the financial crisis  
**Session 3:** Capital raising, mandatory disclosure and prospectus regulation  
Gatekeepers, public enforcement and prospectus liability

**Session 4:** Market abuse regulation: Inside information and market manipulation

**Session 5:** Corporate governance.  
Agency problems at public companies.

Legal strategies for companies with dispersed and concentrated ownership.  
Take-overs and the mandatory bid.

**Session 6:** Investment services: function and nature of different investment services (such as brokerage, dealing, portfolio management and investment advice)

**Session 7:** Banks and investment firms: the authorisation process, prudential requirements and prudential supervision

**Session 8:** Investor protection and conduct of business rules.  
Legal strategies for investor protection: from disclosure to product governance.  
Public and private enforcement.

**Session 9:** Asset management  
Collective Asset Management: the UCITS Regime and the AIFMD Regime

**Session 10:** Trading: the Regulation of Trading under MiFID II and MiFIR

**Session 11:** Short Selling – EMIR

**Session 12:** The Capital Markets Union: the foundations

**Session 13:** The Capital Markets Union: the way forward

## Course 5: “ESG” in the financial system

### A. Finance, climate change and sustainability: a conceptual framework

**Session 1:** Financial implications of climate change:

- Climate science and financial impact.
- “Macro” phenomena and decision-making under uncertainty
- Law, regulation and social norms.

**Session 2:** Sustainable finance: concepts and frameworks.

- Sustainable finance: concepts
- Sustainable finance: frameworks

### B. Climate change and sustainability in monetary policy and financial supervision

**Session 3:** Climate change, sustainability and monetary policy

**Session 4:** Climate change, sustainability and prudential supervision of banks

**Session 5:** Sustainability and Non-Financial Disclosures in the Financial Sector

**Session 6:** Sustainability and financial intermediaries’ duties

**Session 7:** Finance’s social dimension

### C. Corporate governance

**Session 8:** Role of the Board and Non-Executive Directors

**Session 9:** Board Composition and Board Diversity

**Session 10:** Risk Management (incl cyber risk) – Directors’ Remuneration

**Session 11:** Accuracy and Transparency in Reporting & Disclosure

**Session 12:** Ethics and Culture

**Session 13:** Shareholder Engagement – Stakeholder Value Creation and Corporate Purpose – Senior Management Accountability and Oversight

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 6: Central banking policies (other than prudential supervision)

### A. General overview

#### Session 1: ECB mandate

- The primary and secondary objectives of the ECB within the Eurosystem
- Financial stability as an objective of the ECB

#### Session 2: Monetary policy vs. other economic policies within the Treaties

- Budgetary coordination (Stability and Growth Pact, 6/2 pack)
- European Stability Mechanism
- Next Generation EU
- Delineation according to ECJ case law (Pringle)

#### Session 3: The basic tasks of the Eurosystem and the other tasks of the ECB

- Definition and implementation of the single monetary policy
- Issuance of banknotes and coins; Central Bank Digital Currency (CBDC)
- Single foreign-exchange policy and the holding of foreign exchange reserves

### B. The single monetary policy

#### Session 4: Evolution since the establishment of the ECB

- Conventional vs. unconventional measures
- Overview of the relevant legal acts

#### Session 5: The key "General Documentation Guideline" and other ECB legal acts

#### Session 6: Asset Purchase Programmes and their judicial review

- APPs and in particular the PEPP
- Gauweiler, Weiss cases

#### Session 7: Interest rate benchmarks

- Relevance and functioning
- Transition from IBOR to alternative benchmarks

### C. Other aspects

#### Session 8: Promotion of the smooth operation of payment systems (1): general aspects

#### Session 9: Promotion of the smooth operation of payment systems (2): the TARGET 2 system

#### Session 10: Macroprudential oversight of the financial system in the EU (1): general aspects

- A conceptual framework of systemic risks (time dimension, cross-sectional dimension)
- Work of the ESRB and translation into EU and national policies
- Macroprudential tools

#### Session 11: Macroprudential oversight of the financial system in the EU (2): specific aspects

#### Session 12: Green central banking

- The work of the NGFS: climate-related financial risks and "green swans"
- Climate change and sustainability in the mandate of the ECB
- Means to "green" monetary policy instruments (green QE, green TLTROs etc.)

#### Session 13: Last resort lending: the ELA mechanism in the Eurozone

## Course 7: EU banking regulation (2): specific aspects

### A. The system's institutional structure

#### Session 1: The SSM and the allocation of competences: the Landeskreditbank Baden Württemberg case

#### Session 2: The "dialogue" between the ECJ and the German CC in the Banking Union cases: Decision by the BVerfG – Comparison

#### Session 3: Composite procedures: C-219/17 P Berlusconi & Fininvest v. ECB

#### Session 4: The application of National Law by the ECB and the ECJ (art. 4(3) SSMR): the Crédit Agricole and Crédit Mutuel cases

### B. Challenging acts by public authorities

#### Session 5: Regulating banks via soft law: an open issue: Case C-501/18 BT/ Balgarska Narodna Banka – Comparison with Opinion of AG Wahl in case C-526/14 Kotnik

#### Session 6: Exercise of delegated competences: C-270/12 ESMA Short selling

#### Session 7: Locus standi and the withdrawal of the Banking License: C-663/17 P Trasta – Albert & others v. Hungary, 5294/14 ECHR

#### Challenging the ECB's discretion: Banque Postale – Judgments of the General Court of 13 July 2018 in Cases T-733/16, T-745/16, T-751/16, T-757/16, T-758/16, T-768/16

#### Session 8: ECB and financial penalties: the standard for review by the ECJ: VQ – Crédit Agricole Cases T-576/18 – T-577/18; T-578/18

#### Session 9: Reviewability of state aid decisions in bank resolution/liquidation: Joined cases T-98/16 Italy v Commission etc. (Tercas) and C-425/19 P Commission v. Italy

#### Session 10: Public interest and resolution: a complicated enigma: ABLV cases

### C. Transparency and accountability, system's inner functioning, supervisors' liability and new issues

#### Session 11: Transparency of ECB's proceedings and access to documents: Carige – Case T-552/19

#### SRB appeal panel: access to documents: SRB Appeal Panel cases 7/18 (Joined by 44/17), 19/18, and 21/18

#### Session 12: The financing of the SRF and ex-ante contributions: Case C-484/18 Iccrea Banca - Case C-584/20 P (and T-411/17) Landeskreditbank Baden Württemberg

#### Session 13: On the liability of supervisors and other authorities (in the context of resolution and beyond): Kantarev/Balgarska Narodna Banka, C-571/16 - Case T-635/19 Fondazione Cassa di Risparmio di Pesaro

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 8: EU capital markets regulation (2): specific aspects

**Session 1:** Information and markets for securities and crypto-assets

**Session 2:** Rationale and limits of the disclosure paradigm

The role of disclosure from an economic perspective and as a part of investor protection

Disclosure, behavioural finance, and the role of fairness

**Session 3:** Disclosure and capital raising

The Prospectus Regulation

Regulatory concepts

Drawing up a prospectus

Sanctions

**Session 4:** The MiCA Regulation Proposal

**Session 5:** On-going and periodic disclosure

The Transparency Directive and the Market Abuse Regime

Periodic disclosure and the disclosure of inside information

Shareholders' rights and disclosure

**Session 6:** Disclosure in takeovers

Transparency requirements and the obligation to disclose takeover bids

**Session 7:** Disclosure regulation for financial analysts and proxy-advisors

**Session 8:** Digital finance and alternative finance: general overview

(crypto-assets, digital transformation of financial services, crowdfunding both investment-based, and loan-based, RegTech)

**Session 9:** In particular: the Crowdfunding Regulation

**Session 10:** The EU agenda, policies and approaches relating to financial

innovation; the marketplace, the incumbents, and the business case and

strategies of the incoming technology-driven players

**Session 11:** Interdisciplinary aspects concerning economics, technology, and competition; DLT and BlockChain

**Session 12:** Algorithms, big data and IA; intermediation, dis-intermediation and layering; theories of disruption

**Session 13:** Industry drivers and product areas - such as money and payments, lending, and investment, smart contracts, and money

## Course 9: International Bank Accounting and Auditing

### A. General overview

**Session 1:** Fair value related to the IASB hierarchy of norms

IFRS 9 as a compromise – Structure and scope of application

**Session 2:** Derivatives and related contracts, structured products/embedded derivatives

**Session 3:** Categorisation, and measurement of financial instruments (overview)

Business models

**Session 4:** The cash flow criterion on instrument level

**Session 5:** Non-recourse financial assets – Contractually linked instruments

**Session 6:** Classification of liabilities for measurement purposes – Issuing equity instruments versus financial liabilities

**Session 7:** Impairment, Three Stage Model, POCI Investments, Modification – Derecognition

**Session 8:** Hedging versus Hedge Accounting – Hedge Accounting according to IAS 39 and IFRS 9 – Fair Value Hedge and Cash Flow Hedge – Portfolio

Hedge of Interest rate risk

### B. Specific ISAs

**Session 9:** ISA 200 – Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing

**Session 10:** 18. ISA 230 – Audit documentation

ISA 240 – The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements

**Session 11:** ISA 315 – Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment

**Session 12:** ISA 320 – Materiality in Planning and Performing an Audit

ISA 330 – The Auditor's Procedures in Response to Assessed Risks

**Session 13:** ISA 500 – Audit Evidence

ISA 701 – Communicating Key Audit Matters in the Independent Auditor's Report

### Elective Course

Students will choose 2 of the 4 available electives

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 10: EU insurance regulation

### A. General overview

**Session 1:** An introduction to the insurance sector

**Session 2:** Sources of the EU insurance regulation

- Sources of EU insurance regulation
- Evolutionary lines of the European insurance legislation
- Freedom to provide services and right of establishment
- Case law

**Session 3:** The role of the EIOPA

### B. The regime governing insurance companies

**Session 4:** Prudential regime of insurance companies (Solvency II)

- The key features of the insurance prudential regime
- The three pillars and the supervisory toolkit

**Session 5:** Solvency II Review

**Session 6:** Solvency II Governance and risk management requirements

**Session 7:** Group supervision

**Session 8:** Case law

**Session 9:** Liquidation and resolution of insurance companies

- Deterioration of the financial condition
- Supervisory powers and intervention measures
- Liquidation and resolution

### C. Other aspects

**Session 10:** The insurance distribution Directive (IDD)

- Introductory aspects
- Rules of conduct
- Sanctions and other supervisory measures

**Session 11:** Insured protection

- Product and Oversight Governance (POG)
- Insurance investment products (IBIPs)
- Sustainability and IDD review

**Session 12:** Rules on pensions funds and personal pensions (I)

- The European directives on collective pension schemes
- The prudent person principle in the regulation of pension funds

**Session 13:** Rules on pensions funds and personal pensions (II)

- The Pan European Pension Regulation (PEPP)

## Course 11: Prudential regulation & supervision and resolution of financial groups in the EU

**Session 1:** Historical background of group supervision on financial groups  
First and second Consolidated Group supervision Directives for banks of 1992 and 1999

The Financial Conglomerate Directive (FICO) and the Supplemental Supervision regime for insurance groups of Solvency II

**Session 2:** Definitions of holding companies, financial institutions and ancillary business undertakings throughout CRR, CRD IV, FICO and Solvency II to define the scope of group supervision

**Session 3:** Institutional organisation of group supervision: colleges of supervisors, and the rules for determining the group coordination

**Session 4:** Subsidiarisation versus branch-ification trends: the drivers to establish groups and to break them down. Trends and developments after the introduction of the SSM with respect to the branch-ification

**Session 5:** Substantive law provisions on groups supervision: making the holding company subject to capital or solvency requirements and liquidity requirements

Supervision on intragroup relations

Common risk management model and group wide organisation or governance and risk management

**Session 6:** Consolidated group supervision: scope and impact for banking groups

Relations with third country supervisors

Memoranda of understanding for cross-border banking groups

**Session 7:** Supplemental group supervision for insurance groups: deviations from banking regime and the impact of Solvency II requirements for international groups operating in non-equivalent supervision jurisdictions  
The constraints of re-insurance arrangements offered to European groups offered by US parents.

**Session 8:** FICO supervision, coordinating the CRR/CRD IV and Solvency II solvency requirements for mixed activity groups

**Session 9:** Group supervision for groups of investment firms: prudential consolidation versus the group capital test

**Session 10:** The creation of intermediary holding company regimes (CRR2/CRD5 and IFR/IFD) to address cross-border constraints on the supervision of groups, and the resolution of them

**Session 11:** Resolving banking groups in Europe

Multi Point of Entry versus Single Point of Entry strategies  
Resolvability of banking groups and Group Resolution Plans

**Session 12:** TLAC and MREL requirements for Banking groups

Internal MREL versus External MREL

Ringfencing trends and the application of DGS schemes throughout the jurisdictions where the banking group is present

**Session 13:** Summary

### Elective Course

Students will choose 2 of the 4 available electives

# EBI MASTER IN EU BANKING & FINANCIAL REGULATION

## Course 12: Comparative aspects of EU financial regulation in a global context

### A. Switzerland

**Session 1:** Institutional aspects (Swiss National Bank, FINMA), authorisation, regulation and supervision of credit institutions, supervision of G-SIBs and D-SIBs, resolution and deposit insurance

**Session 2:** Financial infrastructures; market abuse regulation

**Session 3:** Financial services and investment funds

### B. United Kingdom

**Session 4:** Institutional aspects (Bank of England, Financial Conduct Authority and Prudential Regulation Authority), authorisation, regulation and supervision of credit institutions, supervision of G-SIBs and D-SIBs, resolution and deposit insurance

**Session 5:** Financial infrastructures and market abuse regulation

**Session 6:** Financial services and investment funds

### C. USA

**Session 7:** Institutional aspects (Dual banking system; Federal Reserve, OCC, CFPB, FSOC) and financial institutions (e.g., thrifts, credit unions, investment banks, commercial banks and trust companies, state and nationally chartered banks), authorisation, regulation and supervision of credit institutions, supervision of G-SIBs and D-SIBs, resolution and deposit insurance

**Session 8:** Financial infrastructures and market abuse regulation

**Session 9:** Financial services and investment funds

### D. Japan

**Session 10:** Institutional aspects (Bank of Japan, Financial Services Agency), authorisation, regulation and supervision of credit institutions, supervision of G-SIBs and D-SIBs

**Session 11:** Financial infrastructures and market abuse regulation

**Session 12:** Financial services and investment funds

### E. Overview on other jurisdictions

**Session 13:** Comparison and summary

#### Elective Course

Students will choose 2 of the 4 available electives