

READING LIST FOR RPRD 803 (FALL 2018 preliminary)

Although many of the required readings are articles, there are three required texts that will be used in relevant parts of the course:

Barwell, Richard (2013). *Macroprudential Policy: Taming the Wild Gyration of Credit Flows, Debt Stocks and Asset Prices*. Houndmills, United Kingdom: Palgrave MacMillan. (should be available from Queen's bookstore)

Brunnermeier, Markus, Andrew Crockett, Charles Goodhart, Avinash D. Persaud and Hyun Shin (2009). *The Fundamental Principles of Financial Regulation*. Geneva Reports on the World Economy 11. Geneva: International Center for Monetary and Banking Studies. Available in full on the web at: <http://www.princeton.edu/~markus/research/papers/Geneva11.pdf>

Freixas, Xavier, Luc Laeven, and José-Luis Peydro (2015) *Systemic Risk, Crises, and Macroprudential Regulation*. Cambridge, MA: MIT Press. Henceforth **FLP**. (should be available from Queen's bookstore)

As well, a few required readings will come from a required text for RPRD 802:

Freixas, Xavier and Jean-Charles Rochet (2008) *Microeconomics of Banking*. Second edition. Cambridge MA: The MIT Press.

Required readings are indicated by an * in the order they are likely to be dealt with in class. The readings we will spend most time on in class are indicated by **.

NOTE: You should be able to access AER and NBER papers by either using a Queen's network or logging in to the Queen's Library website. NBER papers can also be obtained by following the instructions and using your Queen's e-mail address.

Note: The numbered sections below roughly correspond with lecture numbers.

1. Financial Crises and Unstable Systems, Expectations and Beliefs

(**) Barwell (Chapters 6-7; Chapter 1, section 3)

(*) **FLP** (Section 4.3)

(**) Thakor, Anjan (2015) "Lending Booms, Smart Bankers, and Financial Crises," *American Economic Review: Papers and Proceedings* 105(5): 305-309.
<https://www.aeaweb.org/articles.php?doi=10.1257/aer.p20151090>

Gennaioli, Nicola, Andrei Schleifer and Robert Vishny (2015) "Neglected Risks: The Psychology of Financial Crises," *American Economic Review: Papers and Proceedings* 105(5): 310-314.
<https://www.aeaweb.org/articles.php?doi=10.1257/aer.p20151091>

Geanakoplos, John (2010). "The Leverage Cycle," Cowles Foundation Discussion Paper 1715 R. January. (pp. 1-14 and 55 only) <http://cowles.yale.edu/sites/default/files/files/pub/d17/d1715-r.pdf>

Gorton, Gary and Guillermo Ordonez (2016) "Good Booms, Bad Booms", NBER Working paper 22008, February. <http://www.nber.org/papers/w22008>

Kindleberger, Charles P. and Robert Aliber (2011). *Manias, Panics, and Crashes*. Sixth Edition. Houndmills, United Kingdom: Palgrave Macmillan.

Korinek, Anton and Martin Nowak (2017) "Risk-Taking Dynamics and Financial Stability—An Evolutionary Perspective," December.
<https://www.aeaweb.org/conference/2018/preliminary/paper/73ZbabQG>

Krishnamurthy, Arvind and Tyler Muir (2017) "How Credit Cycles across a Financial Crisis," NBER Working Paper No. 23850, September. www.nber.org/papers/w23850

Shefrin, Hersh (2013). "Assessing the Contribution of Hyman Minsky's Perspective to Our Understanding of Economic Instability." Working Paper, Santa Clara University, September.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2311045

2. Financial Crises: Types, Prediction and Costs

(*) Barwell (Chapter 7, section 5)

(*) **FLP** (Chapter 4 intro and 4.1)

(**) Drehmann, Mathias, Mikael Juselius and Anton Korinek (2018) "Going with the Flows: New Borrowing, Debt Service and the Transmission of Credit Booms," *Bank of Finland Research Discussion Paper No. 10/2018*, April 27.
https://helda.helsinki.fi/bof/bitstream/handle/123456789/15398/BoF_DP_1810.pdf?sequence=1

(*) IMF (2018) "Chapter 2: The Riskiness of Credit Allocation: A Source of Financial Vulnerability?", *Global Financial Stability Report*, April. **(one-page summary only)**
<https://www.imf.org/en/Publications/GFSR/Issues/2018/04/02/Global-Financial-Stability-Report-April-2018#ch2>

(*) Jorda, Oscar, Moritz HP Schularick and Alan M. Taylor (2014) "Betting the House," NBER Working Paper No. 20771, December. <http://www.nber.org/papers/w20771>

(*) Barwell (Chapter 5, section 1)

(*) **FLP** (Chapter 6 intro)

Alessi, Lucia and Carsten Detken (2018) "Identifying excessive credit growth and leverage," *Journal of Financial Stability* 35: 215-225.
<https://www.sciencedirect.com/science/article/pii/S1572308917304291>

Detken, Carsten, Stephan Fahr and Jan Hannes Lang (2018), "Predicting the likelihood and severity of financial crises over the medium term with a cyclical systemic risk indicator," *European Central Bank Financial Stability Review*, May

Drehmann, M. and Mikael Juselius (2013). "Evaluating early warning indicators of banking crises: satisfying policy requirements." BIS Working Papers No 421, August.
<http://www.bis.org/publ/work421.pdf>

Gourinchas, Pierre-Olivier and Maurice Obstfeld (2012). "Stories of the Twentieth Century for the Twenty-First," *American Economic Journal: Macroeconomics*, vol. 4(1), pp 226-265.
<http://www.aeaweb.org/articles.php?doi=10.1257/mac.4.1.226>

Laeven, Luc and Fabian Valencia (2012). "Systemic Banking Crises Database: An Update," IMF Working Paper WP/12/163. <http://www.imf.org/external/pubs/ft/wp/2012/wp12163.pdf>

Reinhart, Carmen M. (2012). "A Series of Unfortunate Events: Common Sequencing Patterns in Financial Crises," NBER Working Paper 17941, March. <http://www.nber.org/papers/w17941>

Reinhart, Carmen and Kenneth Rogoff (2009). *This Time is Different: Eight Centuries of Financial Folly*. Princeton: Princeton University Press.

Schularick, Moritz, and Alan M. Taylor (2012). "Credit Booms Gone Bust: Monetary Policy, Leverage Cycles, and Financial Crises, 1870-2008." *American Economic Review*, 102(2): 1029-61.
<http://www.aeaweb.org/articles.php?doi=10.1257/aer.102.2.1029>

3. Why Regulate? (Part 1)

(*) Barwell (Chapter 1, sections 1 and 2; Chapter 2, sections 1 and 2 up to 2.1)

(*) **FLP** (Chapter 8 intro to 8.1.1; Chapter 9 intro to 9.2)

(**) De Nicolo, Gianni, Giovanni Favara and Lev Ratnovski (2012) "Externalities and Macroprudential Policy," IMF Staff Discussion Note SDN/12/05. **(pp. 1-10)**
<https://www.imf.org/external/pubs/ft/sdn/2012/sdn1205.pdf>

(**) Brunnermeier et al. (Exec Summary, Chapter 1, Chapter 2 section 2.1)

4. **Why Regulate? (Part 2): Systemic Risk**

(**) FLP (Chapter 2 intro to 2.4; Chapter 4 intro, 4.2, 4.4; Chapter 5 intro; Chapter 8: 8.1.2 and 8.2)

(*) Freixas and Rochet (Chapter 9, sections 1 and 2)

(*) Kohn, Donald (2017) "Regulation for financial stability: the essentials," Speech at Wharton School of the University of Pennsylvania, 7 April.

<http://www.bankofengland.co.uk/publications/Documents/speeches/2017/speech975.pdf>

5. **Capital Regulation I: Key concepts--Expected Loan Losses: Provisioning and Accounting and Definition of Capital**

(*) IFRS (2014) "Impairment" in "IFRS 9: A Complete Package for Investors," July. (pp. 1-2)

<http://www.ifrs.org/Investor-resources/2014-Investor-Perspectives/Documents/Investor-Perspective-Financial-Instruments-July-2014.pdf>

(*) Saurina, Jesus (2009), "Dynamic Provisioning." Crisis Response Note Number 7, The World Bank Group, Financial and Private Sector Development Vice Presidency, July.

<http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1303327122200/Note7.pdf>

(*) Office of the Superintendent of Financial Institutions (2013) Guideline: Capital Adequacy Requirements (CAR), January. Chapter 2 Definition of Capital

http://www.osfi-bsif.gc.ca/Eng/Docs/CAR_chpt2.pdf (paragraphs 1-4, 10-17, 24-30, 39-40, and 43)

(*) Basel Committee on Banking Supervision (2017) Finalising Basel III *in brief*, December.

https://www.bis.org/bcbs/publ/d424_inbrief.pdf

(*) Invest, Stefan (2018) "Basel III: Are we done now?" Keynote speech by Chairman of the Basel Committee on Banking Supervision, at the Institute for Law and Finance conference on "Basel III: Are we done now?," Goethe University, Frankfurt am Main, 29 January.

<https://www.bis.org/speeches/sp180129.htm>

(*) Basel Committee on Banking Supervision (2011) Basel III Phase-In Arrangements [for capital of various types] http://www.bis.org/bcbs/basel3/basel3_phase_in_arrangements.pdf

Basel Committee on Banking Supervision (2015) "Guidance on credit risk and accounting for expected credit losses," December. <http://www.bis.org/bcbs/publ/d350.pdf>

Basel Committee on Banking Supervision (2015) "The interplay of accounting and regulation and its impact on bank behaviour: Literature review," BCBS Working Paper 28, January 2015, especially section 3. <http://www.bis.org/bcbs/publ/wp28.pdf>

Basel Committee on Banking Supervision (2017) "The interplay of accounting and regulation and its impact on bank behaviour," BCBS Working Paper 31, July 2017.

<http://www.bis.org/bcbs/publ/wp31.pdf>

Dou, Yiwei and Stephen G. Ryan (2017) "Evaluation of Accounting-Related Proposals in the Financial CHOICE Act," in *Regulating Wall Street: CHOICE Act vs. Dodd Frank*, NYU Stern White Paper, pp. 183-198.

http://www.stern.nyu.edu/sites/default/files/assets/documents/STERN%20White%20Paper%202017-03%20withcover%20%281%29_0.pdf

Jimenez, G. and J. Saurina (2006) "Credit Cycles, Credit Risk and Prudential Regulation," *International Journal of Central Banking*, 3(2), (June), 65-98. <http://www.ijcb.org/journal/ijcb06q2a3.pdf>

IFRS (2013) "Financial Instruments: Expected Credit Losses," Exposure Draft ED/2013/3, March.

Wezel, Torsten, Jorge A. Chan-Lau and Francesco Columba (2012) "Dynamic Loan Loss Provisioning: Simulations on Effectiveness and Guide to Implementation," IMF Working Paper WP/12/110, May. <https://www.imf.org/external/pubs/ft/wp/2012/wp12110.pdf>

6. Capital Regulation II: Unexpected Losses, Risks, and Risk Weighting

- (*) Office of the Superintendent of Financial Institutions (2013) Guideline: Capital Adequacy Requirements (CAR), January.
Chapter 1 Overview http://www.osfi-bsif.gc.ca/Eng/Docs/CAR_chpt1.pdf
Chapter 3 Credit Risk: Standardized Approach
http://www.osfi-bsif.gc.ca/Eng/Docs/CAR_chpt3.pdf (pp. 1-21)
Chapter 6 Credit Risk: Internal Ratings Based Approach
http://www.osfi-bsif.gc.ca/Eng/Docs/CAR_chpt6.pdf (pp.1-33, 43-46)
- (*) Basel Committee on Banking Supervision (2005) “An Explanatory Note on the Basel II IRB Risk Weight Functions,” July. <http://www.bis.org/bcbs/irbriskweight.pdf>
- (**) FLP (Section 8.3 through 8.3.2; subsection 8.7.1; subsection 9.4.1)
- (*) Basel Committee on Banking Supervision (2011) “Basel Committee on Banking Supervision reforms - Basel III.” (A one-page overview of reforms.)
<http://www.bis.org/bcbs/basel3/b3summarytable.pdf>
- (*) Cucinelli, Doriana, Maria Luisa Di Battista, Malvina Marchese, Laura Nieri (2018) “Credit Risk in European Banks: The Bright Side of the Internal Ratings Based Approach” *Journal of Banking and Finance*, doi: 10.1016/j.jbankfin.2018.06.014, Forthcoming , last revised 18 July.
<https://www.sciencedirect.com/science/article/pii/S0378426618301407>
- Barwell (Chapter 1, subsections 4.4 and 4.5)
- Basel Committee on Banking Supervision (2011) “Basel III: A global regulatory framework for more resilient banks and banking systems,” Revised June. <http://www.bis.org/publ/bcbs189.pdf>
- Benetton, Matteo, Peter Eckley, et al. (2017) “Specialization in mortgage risk under Basel II,” Bank of England Staff Working Paper No. 639, January (pp. 1-10, 26-28)
<http://www.bankofengland.co.uk/research/Documents/workingpapers/2017/swp639.pdf>
- Brunnermeier et al. (pp. 9-10)
- Hessou, Helyoth and Van Son Lai (2017) “Basel III capital buffer requirements and credit union prudential regulation: Canadian evidence,” forthcoming in *Journal of Financial Stability*.
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2815731

7. Capital Regulation III: Simple Leverage Ratios versus Risk-weighted Capital Requirements

- (**) Aiyar, Shekhar, Charles W. Calomiris, and Tomasz Wieladek (2015) “Bank Capital Regulation: Theory, Empirics, and Policy,” July. (pp. 1-27, 38-39)
<https://www0.gsb.columbia.edu/faculty/ccalomiris/papers/Bank%20Capital%20Regulation.pdf>
- (**) Haldane, Andrew G. (2012) “The dog and the frisbee,” speech to the Federal Reserve Bank of Kansas City’s 36th economic policy symposium “The Changing Policy Landscape,” Jackson Hole, Wyoming, August 31. <http://www.bis.org/review/r120905a.pdf>
- (*) Schnabl, Philipp (2017) “Bank Capital and Systemic Risk,” in *Regulating Wall Street: CHOICE Act vs. Dodd Frank*, NYU Stern White Paper, pp. 29-47.
http://www.stern.nyu.edu/sites/default/files/assets/documents/STERN%20White%20Paper%202017-03%20withcover%20%281%29_0.pdf
- (*) Barwell (Chapter 1, subsections 4.2, 4.3, and 4.6; Chapter 5, subsections 2.2 and 2.2.1, i.e. pp. 182-185)
- FLP (Subsection 11.2.5)
- Basel Committee on Banking Supervision (2015) “The interplay of accounting and regulation and its impact on bank behaviour: Literature review,” BCBS Working Paper 28, January 2015, especially section 4. <http://www.bis.org/bcbs/publ/wp28.pdf>

Brunnermeier et al. (section 4.5)

- Calomiris, Charles W. (2012) "How to Regulate Bank Capital," *National Affairs*, Summer, pp. 41-57.
<https://www0.gsb.columbia.edu/faculty/ccalomiris/papers/How%20to%20Regulate%20Bank%20Capital.pdf>
- Demirguc-Kunt, Asli, Enrica Detragiache, and Ouarda Merrouche (2010) "Bank Capital: Lessons from the Financial Crisis," IMF Working Paper WP/10/286, December.
<http://www.imf.org/external/pubs/ft/wp/2010/wp10286.pdf>
- Estrella, Arturo, Sangkyun Park, and Stavros Peristiani (2000) "Capital Ratios as Predictors of Bank Failure," FRBNY *Economic Policy Review*, July: 33-52.
<http://www.newyorkfed.org/research/epr/00v06n2/0007estr.pdf>
- IMF (2009), "'Fundamental' Characteristics of Intervened and Nonintervened Financial Institutions," Chapter 3, *Global Financial Stability Report*, April: 4-7.
<http://www.imf.org/External/Pubs/FT/GFSR/2009/01/pdf/chap3.pdf>
- Valinskytė, Nijolė, Erika Ivanauskaitė, Darius Kulikauskas, and Simonas Krėpšta (2018) "The leverage ratio as a macroprudential policy instrument," VOX CEPR Policy Portal, 12 April.
<https://voxeu.org/article/leverage-ratio-macroprudential-policy-instrument>

8. Capital Regulation IV: Optimal Bank Capital

- (*) Barwell (Chapter 1, subsection 4.1; Chapter 6, section 5; Chapter 2, section 3)
- (**) Dagher, Jihad, Giovanni Dell'Ariccia, et al. (2016) "Benefits and Costs of Bank Capital," IMF Staff Discussion Note SDN/16/04, March.
<https://www.imf.org/external/pubs/ft/sdn/2016/sdn1604.pdf>
- (**) Miles, David, Jing Yang and Gilberto Marcheggiano (2012) "Optimal Bank Capital," *Economic Journal*, 123 (March): 1-37. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2012.02521.x/abstract>
- (*) Brooke, M. et al. (2015) "Measuring the macroeconomic costs and benefits of higher UK bank capital requirements," Bank of England Financial Stability Paper No. 35, December.
http://www.bankofengland.co.uk/financialstability/Documents/fpc/fspapers/fs_paper35.pdf
- (*) Aikman, David, Andrew G. Haldane, Marc Hinterschweiger and Sujit Kapadia (2018) "Rethinking financial stability," Bank of England Staff Working Paper No. 712, February (**pp. 8-16 only**).
<https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2018/rethinking-financial-stability.pdf>
- (*) Yellen, Janet L. (2017) "Financial Stability a Decade after the Onset of the Crisis", speech at "Fostering a Dynamic Global Recovery," a symposium sponsored by the Federal Reserve Bank of Kansas City, Jackson Hole, Wyoming, August 25. (**pp. 15-17 and footnotes 23-25 only**)
<https://www.federalreserve.gov/newsevents/speech/yellen20170825a.htm>
- Jorda, Oscar, Bjorn Richter et al. (2017) "Bank Capital Redux: Solvency, Liquidity and Crisis," Federal Reserve Bank of San Francisco Working Paper 2017-06, March. <http://www.frbsf.org/economic-research/files/wp2017-06.pdf>
- Admati, Anat R., Peter M. DeMarco, Martin F. Hellwig and Paul Pfleiderer (2011) "Fallacies, Irrelevant Facts, and Myths in the Discussion of Capital Regulation: Why Bank Equity is Not Expensive," Stanford GSB Research Paper No. 2063, revised March 23.
<https://fnce.wharton.upenn.edu/linkservid/5A334ED6-5056-893A-287A2E2E44BB46B1/showMeta/0/>
- Basel Committee on Banking Supervision (2010) "An Assessment of the long-term impact of stronger capital and liquidity requirements," August. <http://www.bis.org/publ/bcbs173.pdf>
- Basel Committee on Banking Supervision (2016) "Literature Review on integration of regulatory capital and liquidity instruments," Working Paper 30, March 2016. (*Part on capital only*)
<http://www.bis.org/bcbs/publ/wp30.pdf>

Brazier, Alex (2016) "A macroprudential approach to bank capital: Serving the real economy in good times and bad," speech at the 27th Annual Institute of International Bankers conference, Washington, 7 March.
<http://www.bankofengland.co.uk/publications/Pages/speeches/2016/887.aspx>

9. Liquidity Regulation I: Deposit Insurance and Bank Runs

- (**) Holmstrom, Bengt (2015) "Understanding the role of debt in the financial system," BIS Working Papers No. 479, January. <http://www.bis.org/publ/work479.pdf>
- (**) Freixas and Rochet (9.3)
- (*) Calomiris, Charles W. and Matthew Jaremski (2016) "Deposit Insurance: Theories and Facts," April. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2771346##
- (*) Basel Committee on Banking Supervision (2018) "Frameworks for early supervisory intervention," March (pp. 1-8 and 24-28 only). <https://www.bis.org/bcbs/publ/d439.htm>
- Basel Committee on Banking Supervision and International Association of Deposit Insurers (2014) "Core Principles for Effective Deposit Insurance Systems," November. <http://www.iadi.org/en/assets/File/Core%20Principles/cprevised2014nov.pdf>
- Demirguc-Kunt, Asli and Edward J. Kane (2002) "Deposit Insurance Around the Globe: Where Does It Work?" *Journal of Economic Perspectives*, V.16, No. 2 (Spring): 175-195. <http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330027319>
- Eisenbeis, Robert A. and George G. Kaufman (2010) "Deposit Insurance" Chapter 13 of *The Oxford Handbook of Banking*, Oxford: Oxford University Press. <http://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780199640935.001.0001/oxfordhb-9780199640935-e-013> (abstract only available at this link; article will be briefly summarized in class)

10. Liquidity Regulation II: Transmission of Crises Through Illiquidity

- (**) FLP (Chapter 5--Contagion)
- (*) Schleifer, Andrei and Robert Vishny (2011). "Fire Sales in Finance and Macroeconomics," *Journal of Economic Perspectives*, V. 25, No. 1, Winter, 29-48. <http://pubs.aeaweb.org/doi/pdf/10.1257/jep.25.1.29>
- (*) Glasserman, Paul and H. Peyton Young (2016) "Contagion in Financial Networks," *Journal of Economic Literature*, V. 54, no. 3, 779-831. (only sections 1 – 4.2) <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jel.20151228>
- (*) Brunnermeier et al. (Chapter 2)
- Barwell (Chapter 7, subsection 7.2)
- Brunnermeier, Markus (2009). "[Deciphering the Liquidity and Credit Crunch 2007-08](http://www.princeton.edu/~markus/research/papers/liquidity_credit_crunch.pdf)," *Journal of Economic Perspectives*, 23(1), 77-100. http://www.princeton.edu/~markus/research/papers/liquidity_credit_crunch.pdf
- Brunnermeier, Markus and Lasse Heje Pedersen (2009), "Market Liquidity and Funding Liquidity," *The Review of Financial Studies* 22(6): 2201-2238. <http://www.princeton.edu/~markus/research/papers/liquidity.pdf>
- Gorton, Gary and Andrew Metrick (2010). "Securitized Banking and the Run on Repo," mimeo, November 9. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1440752
- Tirole, Jean (2011). "Illiquidity and All Its Friends." *Journal of Economic Literature*, V. 49, No. 2, 287-325. Earlier version at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1646818

11. Liquidity Regulation III: Basel III and alternatives

- (**) Basel Committee on Banking Supervision (2013) “Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools,” January. (pp. 1-15, 20-37) <http://www.bis.org/publ/bcbs238.pdf>
- (**) Basel Committee on Banking Supervision (2014) “Basel III: The Net Stable Funding Ratio,” October. (especially pp. 1-3 and Tables 1-3) <http://www.bis.org/bcbs/publ/d295.pdf>
- (*) Calomiris, Charles W., Florian Heider, and Marie Hoerova (2015) “A Theory of Bank Liquidity Requirements,” April. (pp. 1-10, 33-35) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2477101
- (*) Allen, Franklin and Douglas M. Gale (2017) “How Should Bank Liquidity Be Regulated?,” January 27. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2956304
- (*) Model, Adi (2018) “Prudential Liquidity Regulation in Banking—A Literature Review,” Bank of Canada Staff Discussion Paper 2018-8, July. <https://www.banqueducanada.ca/wp-content/uploads/2018/07/sdp2018-8.pdf>
- (*) Brunnermeier et al. (Chapter 5)
- Ahnert, Toni (2014) “Rollover Risk, Liquidity and Macroprudential Regulation,” Bank of Canada Working Paper 2014-23, June. <http://www.bankofcanada.ca/wp-content/uploads/2014/06/wp2014-23.pdf>
- Barwell (Chapter 1, subsection 4.9; Chapter 4, section 4)
- Basel Committee on Banking Supervision (2016) “Literature Review on integration of regulatory capital and liquidity instruments,” Working Paper 30, March 2016. (Part on liquidity only) <http://www.bis.org/bcbs/publ/wp30.pdf>
- Perotti, Enrico and Javier Suarez (2011). “A Pigovian Approach to Liquidity Regulation,” *International Journal of Central Banking*, vol. 7(4), pp 3-41. <http://www.ijcb.org/journal/ijcb11q4a1.pdf>

12. Liquidity and the Lender of Last Resort and the Market Maker of Last Resort

- (*) Freixas and Rochet (7.7)
- (**) Barwell (Chapter 4, sections 5 and 6)
- (*) Longworth, David (2016) “Central Bank Balance Sheets, Implementation of Monetary Policy, and Lender of Last Resort,” PowerPoint Presentation, September. (will be made available by author)
- (*) Bank of Canada (2016) “Framework for Market Operations and Liquidity Provision” (web page) <http://www.bankofcanada.ca/markets/market-operations-liquidity-provision/framework-market-operations-liquidity-provision/>
- (*) Bank of Canada (2016) “Emergency Lending Assistance” (web page) <http://www.bankofcanada.ca/markets/market-operations-liquidity-provision/framework-market-operations-liquidity-provision/emergency-lending-assistance/>
- (*) Committee on the Global Financial System (2017) “Designing frameworks for central bank liquidity assistance: addressing new challenges,” CGFS Papers No 58, April. (pp. 1-5, 16-19, 27-32) <http://www.bis.org/publ/cgfs58.pdf>
- Committee on the Global Financial System (2008) “Central bank operations in response to the financial turmoil,” CGFS Report No 31, July. <http://www.bis.org/publ/cgfs31.pdf>
- Engert, W., J. Selody, and C. Wilkins (2008). “Financial Market Turmoil and Central Bank Intervention,” *Bank of Canada Financial System Review*, June: 71–78. http://www.bankofcanada.ca/wp-content/uploads/2010/05/policy_1204.pdf
- FLP** (subsection 8.4.2)
- Gorton, Gary and Guillermo Ordonez (2017) “Fighting Crises with Secrecy,” June. <https://www.sas.upenn.edu/~ordonez/pdfs/CB.pdf>
- King, Darryl, Luis Brandao-Marques, Kelly Eckhold, Peter Lindner, and Diarmuid Murphy (2017) “Central Bank Emergency Support to Securities Markets,” IMF Working Paper WP/17/152.

<https://www.imf.org/en/Publications/WP/Issues/2017/07/10/Central-Bank-Emergency-Support-to-Securities-Markets-45012>

Selody, Jack and Carolyn Wilkins (2010). "The Bank of Canada's Extraordinary Liquidity Policies and Moral Hazard," *Bank of Canada Financial System Review*, June: 29-32.

<http://www.bankofcanada.ca/wp-content/uploads/2011/12/fsr-0610-selody.pdf>

Zorn, Lorie; Walter Engert; and Carolyn Wilkins (2009). "Bank of Canada Liquidity Actions in Response to the Financial Market Turmoil," *Bank of Canada Review*, Autumn: 3-22.

<http://www.bankofcanada.ca/wp-content/uploads/2010/06/zorn.pdf>

13. Macroprudential tools to counter procyclicality: Introduction and Ideas and capital as an active macroprudential tool

(*) Barwell (Chapter 4, section 1; Chapter 1, subsection 4.10)

(**) Jenkins, Paul and David Longworth (2015) "Securing Monetary and Financial Stability: Why Canada Needs a Macroprudential Framework," C.D. Howe Institute Commentary No. 429, June. **(pp. 3-6, 10-11 only)**

https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/commentary_429.pdf

(*) Bianchi, Javier and Enrique Mendoza (2011) "Overborrowing, Financial Crises, and 'Macroprudential Policy'", IMF Working Paper, 11/24, February. **(pp. 1-9, 47-49 only)**

<http://www.imf.org/external/pubs/ft/wp/2011/wp1124.pdf>

(*) Drehmann, Matthias and Kostas Tsatsaronis (2014) "The credit-to-GDP gap and countercyclical capital buffers: questions and answers" *BIS Quarterly Review*, March: 55-73.

http://www.bis.org/publ/qtrpdf/r_qt1403g.pdf

(*) Duprey, Thibaut, Tim Grieder and [Dylan Hogg](#) (2017) "Recent Evolution of Canada's Credit-to-GDP Gap: Measurement and Interpretation," Bank of Canada Staff Analytical Note 2017-25, December.

<https://www.bankofcanada.ca/2017/12/staff-analytical-note-2017-25/>

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