New liquidity and capital requirements for the banking industry

Speech by Kristin Gulbrandsen, Norges Bank Financial Stability, at the Equity Certificates Seminar, 15 September 2010.

1. Introduction
Thank you for inviting me here today.

The global financial crisis exposed shortcomings in the regulation and supervision of the financial sector, triggering a wave of activity to improve the rules. This follows a long period where the tendency worldwide was towards more relaxed regulation. Basel II allowed banks to use internal risk models. The idea was that a bank's capital requirement would more closely reflect the risk the bank takes. The level of total capital in the banking system would not change. In practice, the data and models used by banks have led to lower risk weights and less capital. These data and models are subject to approval by national supervisory authorities. The substantial element of discretion in the requirements with regard to data and modelling has given the banking industry the opportunity to put pressure on the supervisory authorities. The authorities in many countries have probably also been keen to ensure that competitive conditions for their own banks are at least as good as those for other countries' banks.

One clear example is the risk weights for residential mortgages, which some banks disclose in their annual reports. We can see that these weights vary considerably between IRB banks (banks that calculate risk weights using their own models) from different countries in the same market, but also that the IRB weights are much lower than the standard weights. There is no logical reason for such large differences in the capital requirements for such similar loans.

Supervisory practices have been lenient in many countries, the most obvious example perhaps being the UK. The chairman of the UK Financial Supervisory Authority noted this in a report published in March 2009. (1) The philosophy for banking supervision was that good general guidelines for risk management would be more useful than strict regulation. There was a belief that the markets would be largely self-regulating. Market discipline would ensure that risk-taking at financial institutions would be kept at reasonable levels. There was a similar trend in other countries. Following the crisis, however, confidence in market discipline as a regulating mechanism has waned.

One fundamental issue that the authorities must address is how strictly banks should be regulated. In principle, it is a matter of weighing two types of cost against each other. On the one hand are the costs that tighter regulation will entail for banks and borrowers. Tighter regulation will normally limit the supply of credit and make it slightly more expensive, which may result in somewhat slower economic growth. On the other hand are the costs that a banking crisis entails. These costs affect many parts of the economy and can be very high. If there is only a small chance of a banking crisis within a horizon of 20 years or more, we will

attach most weight to the cost of regulation. But if we consider the crisis probability to be high, we must attach more weight to crisis costs.

The Basel Committee recently published an analysis of how tighter regulation will impact in the long run. (2) The analysis estimates the average cost of a banking crisis and how frequently such crises will occur with today's regulatory framework. It also includes estimates of how stronger capital and liquidity requirements for banks will affect the probability of a crisis. On the basis of these estimates, the Basel Committee concludes that somewhat stronger capital requirements would have net social benefits.

Chart: Somewhat tighter regulation would have net social benefits

The document from the Basel Committee also illustrates that neither the probability of a crisis nor the costs we are discussing can be measured with any great precision. In practice, therefore, weighing up these costs will involve a substantial element of discretion. For a long time, relatively little weight was attached to the probability of crises and their cost. Following the financial crisis, the probability of crises is probably perceived as higher. It has also become clear how expensive a financial crisis can be. Both of these factors point to more stringent regulation. Following a period of easing of the regulatory regime, we have now moved into a period of tightening.

1. The financial crisis

Financial crises are always debt crises in one form or another: one or more groups of participants have raised more debt than can be sustained over time. This may be because the lenders feel uncomfortable, or it may be because the borrowers are unable to service this debt. The debt must then be reduced. The loans have often been used to purchase assets, the most typical example being real estate. When the debt has to be reduced, much of the demand for real estate evaporates and prices fall. This is the most common crisis pattern.

Chart: Strong growth in banks' balance sheets

Prior to the latest financial crisis, a sharp rise in debt was evident in several sectors of the economy, but perhaps most clearly in banks' balance sheets. One reason for this rise was the interest rate level, which had been low since the turn of the millennium. However, debt growth accelerated particularly from 2004, which was also the year when the banks learned the main content of the Basel II rules. We can speculate about whether this was just a coincidence: some economists believe that banks had already spotted the potential for lower capital requirements and began to adapt accordingly. (3)

Chart: Market funding has grown in importance

Strong credit growth is a clear sign of a rising crisis probability. Strong lending growth in the banking industry as a whole cannot be funded through higher customer deposits. Instead the banks need to look to the money and capital markets. This chart shows that Norwegian banks have relied increasingly on market funding over the past ten years. I have included mortgage companies in the data to aid comparison over time. Since 2007, as you know,

Norwegian banks have transferred large parts of their mortgage portfolios to separate mortgage companies, normally within the same corporate group.

The connection between rapid credit growth and growing reliance on market funding is clear. A sharply rising level of market funding is therefore a warning signal in the same way as rapid credit growth. This has been documented in research published since the financial crisis. (4)

Chart: Equity capital and Tier 1 capital

Another side of the same picture is shown in the next chart. Banks' equity capital has not kept up with credit growth, meaning that banks' buffers against losses have become proportionally smaller. The Tier 1 capital ratio has held up, but this is largely due to the transition to Basel II, where banks' own modelling has resulted in lower risk weights in their portfolios. This chart presents data for Norway; the trend internationally has often been even less favourable, with an even sharper decrease in the equity capital ratio.

Chart: The high cost of financial crises

The Basel Committee has estimated that the average financial crisis, including after-effects, costs at least 20 per cent of a year's domestic product. It is too early to calculate the cumulative costs of the latest crisis, but the chart gives an idea of the costs over the first few years. As shown, GDP in major industrialised economies was up to 10 per cent lower in 2009 than it would have been with a normal growth path. Some of this was possibly realised in advance through faster-than-normal growth until 2008, but the net loss is still substantial.

2. Basel III

The proposals for new rules for the banking industry are now being referred to as Basel III. This is a process that began in 2009 and will continue for many years to come. The process differs from Basel II in that attention is now focused more on systemic risk and less on risk in individual banks. The financial crisis has taught us that it is of little help to have banks that appear robust individually if there are major underlying imbalances at macro level. The new rules being proposed will apply to the individual bank, but their design is governed by systemic risk considerations.

Chart: The process

The Basel Committee is the main supplier of the analytical background, while the political clarification is being handled at G20 meetings. The G20 have set up the Financial Stability Board as their secretariat, which is also based in Basel and is working closely with the Basel Committee and its secretariat. In addition, each jurisdiction is working on the concrete design of the new rules. For Norway, the process in the EU is most important, as the EEA Agreement obliges us to follow the rules adopted by the EU countries. These rules may take the form of minimum requirements with some room for manoeuvre, but in some cases full harmonisation will probably be required.

We have been through several consultation rounds where both the banking industry and the individual countries' financial supervisory authorities and central banks have responded to

the proposals. In Norway, Finanstilsynet (Financial Supervisory Authority of Norway) and Norges Bank have issued joint responses. It is no surprise that the banking industry worldwide has been sceptical to many of the proposals and argued in favour of more lenient rules. To some extent, the industry has been accommodated in the compromise published by the Basel Committee on 26 July and endorsed and fleshed out by the Committee's Group of Governors and Heads of Supervision last Sunday, although the industry cannot of course expect to determine its own regulatory framework.

Chart: Proposals for more capital and liquidity

Following these initial consultation rounds, the main contours of the new rules are beginning to crystallise. The chart lists the most important points that I will be looking at more closely. Three of the points relate to banks' capital adequacy, but new bank liquidity requirements may also be important elements in the line of defence against crises. With both these types of requirement, there is a particular focus on systemically important banks, i.e. banks that are either so large or in some other way so important that the repercussions of a crisis would be considerable. The issue is whether such banks should be more strictly regulated than others.

Chart: Timetable

The new rules are due to be phased in from 1 January 2013. However, under the compromise now published, some of the most difficult rules will not be phased in until later, with full implementation only from 2018 or 2019. The reason for this is that the banking industry in many countries will not be able to meet these requirements in the short term without having to cut back lending to such a degree that this would impact on economic activity. National authorities will nevertheless have the option of introducing the rules earlier. We should consider doing this in Norway. Norway's economy and our banks are in a much more favourable position than those of other countries. Most Norwegian banks are already capable of meeting more stringent requirements, at least with regard to capital adequacy. At the same time, the competitive pressure from new foreign banks may ease for a period, as many of these banks have been considerably weakened by the crisis. One further factor is that the inclination to enter new markets is greatest during periods of growth.

Some other countries have already announced tighter requirements than currently contained in the international framework. These include Switzerland, which will require at least 8 per cent Tier 1 capital for its two big, globally active banks (UBS and Credit Suisse) from 2013. There will also be a requirement limiting the ratio between unweighted foreign exposure and the equity behind it – a form of leverage ratio, but excluding domestic lending. The big Swiss banks are already subject to tighter liquidity requirements in line with what we can expect to see at the international level.

In the UK, new liquidity requirements were announced last autumn and are coming into effect this year. These are similar to the requirements in the international rules, but not identical. And New Zealand has already introduced new liquidity requirements consistent with the proposals from the Basel Committee.

3. Liquidity requirements

Basel II does not include any quantitative liquidity requirements. In the light of experience from the financial crisis, two types of quantitative requirement for bank liquidity will form part of Basel III.

Chart: Proposals for quantitative liquidity requirements

Norwegian banks encountered problems in autumn 2008 because the supply of market funding dried up and the banks did not have sufficient liquid assets to cope for any length of time. Norges Bank had to step in and supply large amounts of liquidity. This experience might lead us to think that liquidity is no real problem for the banking industry as a whole: the problem can easily be solved by supplies of loans from the central bank. However, this is a situation that should occur only very rarely. When the central bank becomes the most important source of liquidity, normal market mechanisms no longer function. Even if the central bank demands collateral for the loans, it will not be able to differentiate between good and bad borrowers in the same way that the market should.

Chart: Liquidity coverage ratio

The first proposal is a requirement that each bank must have sufficient liquid assets to survive a 30-day stress period featuring a substantial outflow of customer deposits and no fresh inflow of liquidity. One important issue is what will be included as liquid assets. In the consultation response from the Norwegian authorities, we noted that the Norwegian market for government securities is too small to satisfy this liquidity requirement with these securities alone. Under the revised proposal in July, covered bonds, corporate bonds and municipal bonds are also eligible as liquid assets if the markets are sufficiently deep and liquid and the securities have a high rating. However, it is doubtful whether any Norwegian securities other than government securities would meet these criteria.

Chart: Many Norwegian banks have limited liquidity

This chart presents a simplified stress test for Norwegian banks. We have assumed here that only government securities and central bank deposits are considered liquid assets. On this basis, around half of Norwegian banks meet the revised standard, and a considerable number of banks are well below the required level. The Basel Committee has announced that it is considering special rules for countries with small markets for government securities. But it is important that the rules are not steered too much by what banks can easily achieve. Banks must expect to have to make changes to put more liquid assets on their balance sheets.

Chart: Small savings banks have limited liquidity

This next chart breaks down the data into different groups of banks. We can see that, on average, the largest savings banks satisfied the liquidity requirement at the end of 2009, while the smaller savings banks did not. This is related to the government swap arrangement, where many of the small banks did not purchase government securities to any great extent.

Chart: Net stable funding ratio

The second proposed liquidity requirement deals directly with banks' balance sheet funding. The requirement is that assets that are not liquid must be financed by long-term funding. In autumn 2008, Norwegian banks had large amounts of short-term funding which needed to be rolled over in a period when markets were not functioning. As problems of this kind can arise without much warning, it is important for banks to limit their use of short-term market funding. The requirement for more long-term funding will also have another favourable effect: in periods of rapid credit growth, the need for market funding will be especially high. As long-term funding is more expensive and less easily accessible than short-term funding, a requirement for long-term funding will help to restrain credit growth.

Chart: Most banks meet the requirements under the revised proposal

The original proposal was difficult for most banks, including those in Norway, but July brought adjustments to the assumptions in the stress tests relating to the outflow of customer deposits and reductions in the long-term funding required for residential mortgages. The date of entry into force has also been put back to 2018. With these changes, it would appear that Norwegian banks will have few problems. Our stress test in the chart shows that almost all banks already meet the requirement for long-term funding. Indeed the requirement may now have been set so low that we will not see the change in behaviour that the crisis revealed to be necessary.

Chart: Savings banks in a strong position

Again I would like to break down the data into different groups of banks. We can see that, on average, both small and large savings banks exceed the requirement by a comfortable margin. The problem of insufficient long-term funding affects the other banks. However, I must stress that this is only a snapshot showing how banks stand long before the liquidity requirements enter into force.

Chart: Possible adaptations to the liquidity requirements

This chart sums up the most important options for Norwegian banks in terms of adapting to the new liquidity requirements. There are many possibilities, and I am in no doubt that the banks will carefully consider and select those that will involve the lowest costs.

Chart: Other factors

However, there are a number of other factors which may make it more of a challenge to comply with the new liquidity requirements in the future. Norges Bank and the Ministry of Finance's extraordinary liquidity measures will gradually be phased out. This goes for both the covered bond swap arrangement and longer-term F-loans. The phasing-out of the swap arrangement will reduce the supply of government securities. There will also be tighter rules on the collateral for loans from Norges Bank, most notably a reduction in the eligibility of securities issued by other banks.

In addition, under the new rules for money market funds, these funds can no longer invest in long-term floating rate securities. This will have a negative impact on demand for bank bonds, but may stimulate demand for bank certificates. The new solvency rules for insurance companies could also push down demand for bank bonds. On the other hand, highly-rated long-term securities will be more attractive to insurers, which may lead to increased demand for covered bonds. Other changes will doubtless also be made before the liquidity requirements enter into force, and the banks will have time to adjust.

Chart: Maturity profile of the swap arrangement

The long-term F-loans and loans in the swap arrangement will soon begin to mature, but the bulk of maturities lie a couple of years ahead. Banks should naturally start looking for new funding well before they have to. I expect banks will exploit the opportunities that open up as investors seek opportunities to invest in long-term securities. It would make little sense to wait until everyone else also has to refinance in the same market. It would not be appropriate to extend these loan schemes to help banks that have not made the necessary arrangements in time.

Chart: Swap arrangement has supplied liquid assets

The fact that Norwegian banks come out so favourably in our stress tests for liquidity is partly related to the government swap arrangement. The government securities that banks have received through the arrangement account for a substantial part of their liquid assets. When the arrangement is phased out, the volume of government securities will fall to a more normal level. In principle, banks will to some extent then be able to replace Norwegian government securities with foreign ones, even if they do not have any foreign currency liquidity needs. What other opportunities arise remains to be seen once the Basel Committee publishes its special rules for countries with small markets for government securities.

4. Capital requirements

Capital requirements are at the heart of the Basel requirements. These requirements are intended both to slow credit growth when it is excessive and to ensure that banks can weather a period of heavy losses. Rapid credit growth can be a warning signal for individual banks, but the danger of a crisis is much greater when aggregate credit growth in the banking sector is high. Checks must therefore be introduced to make rapid growth more difficult and expensive for both banks and borrowers. The best alternative would be automatic stabilisers that act independently of any decisions made by supervisory authorities. That said, the authorities must also be able to apply further checks when necessary.

Chart: The capital proposals

The proposals from the Basel Committee are wide-ranging. The definition of capital will be tighter, the risk weights for some types of exposure will be higher, and the Tier 1 capital requirement (for absorbing losses on a going concern basis) will be raised from 4 to 6 per cent. Special capital requirements for systemically important institutions are also being

considered. Finally, there will be a requirement for equity capital as a share of unweighted total assets plus off-balance-sheet risk exposure, referred to as the leverage ratio.

Chart: Capital base – Tier 1 capital requirement

In Norway, we have had relatively stringent requirements for what can be considered Tier 1 capital. The proposals from the Basel Committee indicate that more stringent requirements will also be applied internationally. In Norway, we learned during the 1990s banking crisis that much of a bank's hybrid capital could not be used to cover losses as long as the bank had not been wound up. Now other countries have learned the same lesson: the quality of the capital base is important. The proposal sets stricter limits on the definition of Tier 1 capital. It is proposed that all hybrid capital should be perpetual, with no maturity date or incentives to redeem.

In our consultation response, we supported the proposals for tighter rules. Indeed, we argued that the requirements should be even tighter: in principle we would want only common equity to be regarded as Tier 1 capital. If hybrid capital is to be eligible, it should at the very least be possible for it to be written down or converted into equity before Tier 1 capital falls below the minimum level.

Chart: More Tier 1 capital

The Basel Committee's oversight body quantified the capital requirements last Sunday. The minimum requirement for common equity is to be stepped up to 4.5 per cent of risk-weighted assets from 1 January 2015 and the minimum Tier 1 capital requirement to 6 per cent. The total capital requirement will remain at 8 per cent, but the quality of this capital is to be much higher. This is in line with the wishes of the Norwegian authorities. On top of these minimum standards, a capital buffer requirement is to be phased in from 2016.

There is a broad consensus that the capital requirement as it stands now is easier to satisfy in good times than in times of stress. This means that the capital requirement may be procyclical by contributing to excessively high lending growth in good times and correspondingly reduced lending growth in times of distress. Rapid lending growth often also leads to increased risk in lending portfolios, with higher losses a few years ahead. This is why the Basel Committee wishes to give banks an incentive to build up a capital buffer in good times. The incentive is that banks that do not build up sufficient buffers will face limits on dividends and other discretionary payments to owners or employees.

Chart: Capital buffers beyond the minimum requirement

The restrictions relating to the capital buffer apply to all banks, whether or not they are contributing to rapid credit growth. The idea is to curb the build-up of large imbalances at a systemic level and establish a shock absorber to cushion the consequences of any imbalances that nevertheless arise. The capital buffer will have two components. On top of the regulatory minimum capital requirement, there will be a fixed buffer range (conservation buffer), where the range is constant over time, and a countercyclical buffer, where the range will be set higher in good times. In times of stress, this component can be set to zero.

The question now is how do we differentiate between good times and times of stress: when should the capital buffer be built up, and when can it be scaled back? The Basel Committee proposes using the ratio of private sector credit to GDP, a ratio that has long been on the increase in most countries. It is proposed that a trend be calculated to which the actual ratio is compared. If the volume of credit relative to GDP rises well above the long-term trend, the range for the capital buffer will be expanded. This has been proposed as a rough guideline. In practice, national authorities will have to assess the target level for Tier 1 capital on the basis of a wider set of indicators. As financial crises are often triggered by price bubbles in the real estate market, increases in property prices may be one good supplementary indicator.

The ratio between credit and GDP is not, however, a good indicator for when the time-varying capital component should be removed. We have seen how credit volumes in most countries continued to grow long after GDP growth stagnated. The timing for scaling back the capital buffer will to an even greater extent need to be left to the authorities' discretion. We should be aware that such a decision can easily be taken as a negative signal to market participants.
The proposals from the Basel Committee include a provision stipulating that the countercyclical buffer in a particular jurisdiction will also apply to branches of foreign banks operating there. The home country's authorities will implement the decision taken by the host country, weighted according to the share of the bank's total lending to customers in the host country. I see this as an important advance and a step in the direction of better international coordination of the capital requirements.

The idea behind the capital buffer requirement is to ensure that reserves are built up during good times. The same can be achieved if banks make loss provisions corresponding to expected losses over the life of the loans. The International Accounting Standards Board (IASB) has proposed such a system despite opposition from the actuarial industry. Its opponents argue that writing down loans that are not in default goes against the principle of recognising assets at fair value.

Writing down expected losses would lead to more stable loss provisions over time. How much difference this will make depends on how the term "expected losses" is interpreted. It may be that banks do not anticipate any great losses during good times, but make more pessimistic forecasts during bad times. In this case, reserves will not be built up to any great extent. But it remains to be seen both how the rules will be formulated and how banks will adapt.

Chart: Leverage ratio

There will be a minimum requirement for equity capital relative to total on-balance sheet assets and off-balance-sheet risk exposure. This is intended as a supplement to the risk-weighted capital requirements. International experience of Basel II has been that many banks have had such low risk weights from their internal models approved that their equity capital has grown very small relative to their business volumes. Low risk weights helped to provide room for the strong lending growth seen in the period to 2008. The new requirement can be seen as a safety valve to prevent excessively creative adaptations and protect against shortcomings in the rules. As you know, the US and Canada have had this

type of requirement for many years. The Basel Committee's proposal is that banks must have an equity capital ratio of at least 3 per cent by the beginning of 2018. However, there is the option of reassessing this requirement on the basis of experience through to that date.

Chart: Impact

Equity capital ratios in Norwegian banks are substantially higher than the EU average. This is because Norwegian banks have had to satisfy more stringent requirements regarding the quality of regulatory capital than has been the norm in other countries. Finanstilsynet (Financial Supervisory Authority of Norway) calculated the effect of a minimum equity capital ratio in 2009. The chart shows that very few Norwegian banks would have problems with a 3 per cent minimum, but some mortgage companies would have too little equity. The Basel Committee's requirement applies to banks at group level, which means that mortgage companies' low equity capital ratios would not be a problem. However, both the EU and Norway have a tradition of making capital requirements apply to the individual credit institution as well. We do not yet know what the EU rules in this area will be.

Chart: Systemically important financial institutions

There has been broad agreement that systemically important financial institutions must be regulated more strictly than others because they pose a greater risk to the economy. However, the proposals for how this is to be achieved are not very concrete. Higher capital requirements are one possibility, but this presupposes either that the degree of systemic importance can be measured or that the supervisory authorities regularly rank financial institutions by systemic importance. For the time being, higher risk weights for particular types of activity and more intensive supervision are the most concrete proposals. The problem of systemically important financial institutions is to be discussed further at the G20 meeting in Seoul in November.

One straightforward option would be to impose a surcharge on market funding for all financial institutions. One key advantage of being systemically important is that market funding is cheaper than for smaller financial institutions. This is because creditors expect systemically important institutions to receive public support in the event of a crisis. The credit rating agencies take account of this expectation by issuing two different ratings: one that takes account of the probability of the institution receiving support from the authorities in a crisis, and another (lower) rating which disregards such support.

From a social efficiency point of view, it would be appropriate to eliminate this advantage. As systemically important institutions normally have larger shares of market funding than others, a surcharge on market funding would hit these institutions hardest. A proposal of this kind is not included in the package from the Basel Committee, but the Swedish stability fee, for example, is based along these lines. (5) The German government has announced a similar levy. (6)

A more direct option for eliminating systemically important banks' competitive advantage is to ensure that they are no longer systemically important. The most realistic way of achieving this is to ensure good crisis resolution regimes and good tools for dealing with crises. The authorities must have powers to preserve systemically important functions while

shareholders and unsecured creditors must cover the losses that have arisen. In practice, this has to involve breaking up stricken financial institutions. The break-up options would have to be mapped out in advance in what is often referred to as a "living will". One important precondition is that financial institutions have a clear and orderly structure. Norwegian financial institutions generally already have this, and the challenges in terms of effective crisis resolution are much greater in other countries. Even here in Norway, though, there is work to be done before we have an adequate crisis resolution regime.

5. Conclusion

Responsibility for financial stability in Norway is shared between the Ministry of Finance, Finanstilsynet (Financial Supervisory Authority of Norway) and Norges Bank. These institutions faced sizeable and stimulating challenges during the financial crisis.

Chart: Conclusion

Looking ahead, the reform of the regulatory regime will present some interesting tasks. The Norwegian authorities are closely monitoring the work under way internationally and are carefully considering how the new rules can best be adapted to Norwegian conditions. The aim is to reduce the probability of financial crises arising. The idea is not to reduce this probability to zero, but it should be lower than it has been. Norges Bank aims to contribute to macroprudential supervision of the financial sector and the design of new rules based on our unique role and competence as a central bank.

The new rules will make it more expensive to run a bank, but not as expensive as the simplest analyses might indicate. More equity and better liquidity will make banks a safer investment alternative for both shareholders and creditors. Required rates of return will then also fall. Some of you may be familiar with the Miller-Modigliani theorem, which says that the required rate of return will fall by just the right amount for a bank's funding costs to be unaffected by a change in funding structure. This may not entirely hold, but there is undoubtedly an effect in that direction.

Norwegian banks generally have a good starting position in the process of adapting to the new rules, as Norwegian rules have long been more stringent than the norm in other countries. The tightening of the international rules will therefore have a milder impact on Norwegian banks than on banks in most other countries. Norway's banks should exploit this strong starting position by making an early start on the necessary adjustments.

I wish them good luck in their work.

Thank you for your attention.

Footnotes

1) The Turner Review, Financial Supervisory Authority, March 2009 (p. 87).

2) An assessment of the long-term economic impact of stronger capital and liquidity requirements, August 2010.

3) See, for example, Adrian Blundell-Wignall and Paul Atkinson: Origins of the financial crisis and requirements for reform, Journal of Asian Economics, September 2009.

4) Shin and Shin, Macroprudential Policy and Monetary Aggregates, mimeo, 13 May 2010.

5) Press release from the Swedish Ministry of Finance, 17 April 2009: Proposal on stability fees for banks submitted to Council on Legislation.

6) Press release from the Federal Ministry of Finance, 25 August 2010: Systemische Risiken im Finanzsektor wirksam begrenzen – Bundesregierung beschließt Restrukturierungsgesetz.