



ACADEMIC  
EXCELLENCE  
FOR SMART  
FINANCIAL  
REGULATION

# LabEx ReFi

## Annual Activities Overview

### 2016

May 22, 2017

[www.labex-refi.com](http://www.labex-refi.com)

Founding members of LabEx ReFi

---



le cnam



## Table of content

1.	<b>Labex ReFi at a glance</b> .....	3
2.	<b>Highlights from Labex activities in 2016</b> .....	4
3.	<b>Labex members: an overview</b> .....	5
4.	<b>Labex ReFi governance</b> .....	6
	Organization chart and Executive Committee.....	6
	International Advisory Board.....	7
	Strategic Advisory Board.....	8
	Scientific committee.....	9
	Executive Committee.....	10
5.	<b>Labex ReFi partners</b> .....	11
6.	<b>LabEx seminars and events at a glance</b> .....	12
	Regular Labex Research Seminar (Academic events).....	12
	Breakfast debate Labex & EIFR (Open forum for academics and professionals) .....	12
	Workshops .....	12
	Regular annual conferences .....	12
7.	<b>Research</b> .....	13
	Research areas.....	15
	Financial Information and Accounting Regulation .....	16
	Finance and Society .....	17
	Markets, Banking and Financial Risks Supervision.....	18
	Systemic Risk, Resolution and Growth .....	19
	Labex publications at a glance: a synthetic table.....	20
	Selection of major publications in peer reviewed journals in 2016 .....	21
	Selection of major publications in peer reviewed journals in 2015 .....	23
	Invited Professors .....	24
	Databases .....	26
8.	<b>Education and Training</b> .....	28
	PhD Program .....	28
	Financial Regulation School.....	33
	Executive summary by Pr. Pierre-Charles Pradier, Academic co-director of LabEx ReFi .....	33
9.	<b>Valorization</b> .....	34
	Breakfast debates in partnership with EIFR .....	34
	Partnership with Bank of Lebanon.....	36
10.	<b>Conferences in 2016</b> .....	37
	Conferences Ethics & Finance.....	38
	Focus on the Conference: Fighting the Finance of Terrorism Conference .....	39
	Focus on LabEx ReFi & Stony Brook Summer school.....	46
11.	<b>Research seminars and workshops in 2016</b> .....	48
	Labex Research Seminar, ReFi series.....	48
	Labex Research Seminar, Law & Finance series.....	51
	Labex Research Seminar, PhD series .....	53
	Labex Research Seminar, Ethics & Finance series.....	54
	Workshops .....	56
12.	<b>Breakfast debate LabEx ReFi &amp; EIFR in 2016</b> .....	57
13.	<b>Publications in peer reviewed journals in 2016</b> .....	59
14.	<b>List of ongoing research projects</b> .....	63
15.	<b>List of working papers</b> .....	66
16.	<b>Table index</b> .....	93

# 1. Labex ReFi at a glance

THE LABEX REFI IS AN EXCELLENCE RESEARCH LABORATORY DEDICATED TO THE STUDY OF REGULATION POLICIES. IT AIMS TO IMPROVE THE UNDERSTANDING OF FINANCIAL SYSTEMS AND REGULATIONS' IMPLICATIONS, AND TO PROVIDE PUBLIC AUTHORITIES WITH INDEPENDENT ACADEMIC EXPERTISE AND GUIDELINES FOR ACTION



## History

The LabEx ReFi was founded in 2011 within the project 'Investissements d'avenir'

## Mission

To provide meaningful information and assistance to decision makers, institutions and the general public on matters related to financial regulation

## 3 activities

Research  
Policy evaluation and recommendation  
Training and School of Financial Regulation

## Cross-disciplinary Laboratory

Finance, Economics, Accounting, Law, Management, Political Science, History, Philosophy, etc.

## International Network of Researchers

More than 150 senior researchers and 30 PhD students

## Founders : 4 Prestigious Institutions

ESCP Europe Business School, Sorbonne University Paris1, Conservatoire National des Arts et Métiers (CNAM), Ecole Nationale d'Administration (ENA)



## Objectives

Build bridges between knowledge and decision making:  
Establish a link between the research community and the political community  
Bring academic rigor to the study of issues related to financial regulation

## Regular Research Seminars

Financial Regulation  
Law and Finance  
Ethics and Financial Norms  
Fintech and Financial Regulation  
PhD Seminar

## 4 Research Units

1. Financial Information and Accounting Regulation
2. Finance and Society
3. Markets, Banking and Financial Risk Supervision
4. Systemic Risk and Growth

## Partners

European Parliament, ETH Zurich, EIFR, European commission (CCR), AFFI, GdRE

## 2. Highlights from Labex activities in 2016

### Highlights from Labex activities in 2016

---

19 February 2016	<b>First LabEx ReFi Conference on Systemic Risk</b> Organized by the Labex Research unit “Systemic Risk, Resolution and Growth”
5 April 2016	<b>Conference : Fighting the Finance of Terrorism Conference</b> Organized by Labex ReFi, ESCP Europe and ACAMS (Association of Certified Anti-Money Laundering Specialists)
17 June 2016	<b>Labex ReFi – PhD Workshop</b> Co-organized by Labex ReFi, ESCP Europe, Sorbonne University Paris1, HEC Paris and INSEAD
24-26 June 2016	<b>Accounting Economics and Law, SASE Conference, Berkeley (CA)</b> Co-organized by the Labex Research unit “Financial Information and Accounting Regulation”
7-9 September 2016	<b>Summer School: A Comparative of US and European Financial Regulation</b> <b>New York City</b> Co-organized by Labex ReFi and Stony Brook University
10-11 September 2016	<b>Conference: Quantitative Methods Financial Regulation</b> <b>Stony Brook University</b> Co-organized by Labex ReFi and Stony Brook University
23 September 2016	<b>Thesis defence of Alexandre Garel « Effets réels de la structure de l’actionnariat : impact des investisseurs de long-terme sur les politiques et la performance des entreprises »</b>
October 2016	<b>Book: « Finance and the real economy » (in French), Edited by Christian de Boissieu and Dominique Chesneau</b>
22 November 2016	<b>11th Strasbourg European Meeting – European Parliament – Workshop: Cooperatives Values and economic and monetary integration: the case of banking regulation</b> Co-organized by the Labex Research unit “Markets, Banking and Financial Risks Supervision”

---

### 3. Labex members: an overview

**Table 1. Number of Labex ReFi members**

	<b>Number</b>
<b>Total researchers (junior + senior)</b>	<b>143</b>
including	
<b>Senior researchers</b>	109
<b>PhD students</b>	34
<b>Other Labex Members (administration, governance, etc.)</b>	<b>23</b>
<b>Total Labex members</b>	<b>166</b>

**Table 2. Number of associated researchers (by research unit and status)**

Research Unit	Financial Information and Accounting Regulation	Finance & Society	Markets, Banking and Financial Risks Supervision	Systemic Risk, Resolution and Growth	Independent researchers with different area of expertise	<b>Total</b>
<b>Senior researchers</b>	<b>9</b>	<b>32</b>	<b>12</b>	<b>21</b>	<b>35</b>	<b>109</b>
Including						
Associated researchers from various academic institutions	8	29	10	20	32	99
Current Postdoctoral Fellows	1	2	1	0	0	4
Past Postdoctoral Fellows	0	1	1	1	3	6
<b>PhD students</b>	<b>4</b>	<b>11</b>	<b>6</b>	<b>13</b>	<b>0</b>	<b>34</b>
Including						
PhD Students (with Labex Scholarship)	1	4	2	5		12
Associated PhD students	3	7	4	8		22
<b>Total</b>	<b>13</b>	<b>41</b>	<b>18</b>	<b>34</b>	<b>37</b>	<b>143</b>

## 4. Labex ReFi governance

### Organization chart and Executive Committee



**Christian de Boissieu**  
Chairman of the Scientific Board



**François-Gilles le Theule**  
Executive Director  
Chairman of the Executive Committee



**Christophe Moussu**  
Joint Academic Director



**Pierre-Charles Pradier**  
Joint Academic Director

# International Advisory Board



**Gerard HERTIG**  
Chairman

**Table 3. International Advisory Board**



**Franklin Allen**  
Imperial College London & Wharton



**Jean-Charles Rochet**  
ETH Zurich



**Jan-Pieter Krahen**  
Goethe-Universität in Frankfurt



**Jill Fisch**  
University of Pennsylvania, Law School



**Mark Roe**  
Harvard University



**Shyam Sunder**  
Yale University



**Gerard Hertig**  
ETH Zurich



**Marti Subrahmanyam**  
New York University



## Strategic Advisory Board



**Augustin de ROMANET**  
Chairman

**Table 4. Strategic Advisory Board**

<b>Marie-Anne Barbat-Layani</b>	Chief Executive, French Banking Association
<b>Pervenche Berès</b>	Member of the European Parliament
<b>Pierre Bonin</b>	Vice President, Université Paris 1 Panthéon Sorbonne
<b>Frank Bournois</b>	Dean, ESCP Europe Business School
<b>Arnaud Chneiweiss</b>	CEO, Fédération Française de l'Assurance
<b>Christian de Boissieu</b>	Professor, Emeritus Professor at Sorbonne University Paris1, Professor at the College of Europe (Bruges), and at the Catholic University of Lille. Member of the board of the AMF (French Financial Markets Authority)
<b>Augustin de ROMANET</b>	CEO, Aéroports de Paris
<b>Edouard de Lencquesaing</b>	President, EIFR (European Institute of Financial Regulation)
<b>Philippe Durance</b>	Professor, Cnam
<b>Olivier Faron</b>	President, Cnam (Administrateur général)
<b>Jean-Paul Gauzès</b>	Chairman, EFRAG (European Financial Reporting Advisory Group)
<b>Gaël Giraud</b>	Chief Economist, Agence Française de Développement (AFD)
<b>Patrick Gounelle</b>	Chairman, Fondation Positive Planet
<b>Georges Haddad</b>	President, Université Paris 1 Panthéon-Sorbonne
<b>Gerard Rameix</b>	Chairman, Autorité des marchés financiers (Financial Markets Authority)
<b>Verena Ross</b>	Executive Director, European Securities and Markets Authority (ESMA)
<b>Hélène Sirven</b>	Vice President, Université Paris 1 Panthéon-Sorbonne
<b>Philippe Trainar</b>	Dean, Ecole nationale des assurances (CNAM)
<b>Catherine Trautman</b>	European Commission Coordinator for the North Sea–Baltic core network corridor, former minister and long serving MEP.



## Scientific committee



### **Christian de BOISSIEU**

Chairman

<b>Frank Bancel</b>	Professor	ESCP Europe
<b>Pramuan Bunkanwanicha</b>	Associate professor	ESCP Europe
<b>Alexis Collomb</b>	Professor	CNAM
<b>Jezabel Couppey-Soubeyran</b>	Maître de conférences, HDR	Sorbonne U. Paris1, CES
<b>Christian De Boissieu</b>	Professor, Emeritus Professor, Professor at the College of Europe (Bruges) and at the Catholic University of Lille.	Sorbonne U. Paris1, CES
<b>Roland Gillet</b>	Professor	Sorbonne U. Paris1, PRISM
<b>Dominique Guégan</b>	Professor	Sorbonne U. Paris1, CES
<b>Christian Hoarau</b>	Professor	CNAM
<b>Nabil Kahale</b>	Associate professor	ESCP Europe
<b>François Lafarge</b>	Chercheur HDR,	ENA, (associé) université de Strasbourg
<b>Jean-Paul Laurent</b>	Professor	Sorbonne U. Paris1, PRISM
<b>Constantin Mellios</b>	Professor	Sorbonne U. Paris1, PRISM
<b>Alain Pietrancosta</b>	Professor	Sorbonne U. Paris1, IRJS
<b>Philippe Raimbourg</b>	Professor	Sorbonne U. Paris1, PRISM
<b>Philippe Spieser</b>	Professor	ESCP Europe

## Executive Committee



**François-Gilles LE THEULE**  
Chairman

<b>Biondi</b>	<b>Yuri</b>	Research professor, HDR	CNRS, ESCP Europe
<b>Capelle-Blancard</b>	<b>Gunther</b>	Professor	Sorbonne U. Paris1, CES
<b>Clément</b>	<b>Dauphinelle</b>	Director of European Affairs	ENA
<b>De Boissieu</b>	<b>Christian</b>	Professor, Emeritus Professor, Professor at the College of Europe (Bruges) and at the Catholic University of Lille.	Sorbonne U. Paris1, CES
<b>De Peretti</b>	<b>Philippe</b>	Professor (Maître de conférences, HDR)	Sorbonne U. Paris1, CES
<b>Douady</b>	<b>Raphael</b>	Professor, HDR	Sorbonne U. Paris1, CES & CNRS
<b>Lamarque</b>	<b>Eric</b>	Professor	Sorbonne U. Paris1, IAE
<b>LE THEULE</b>	<b>Francois-Gilles</b>	Inspector General, Affiliate Professor	Ministry of Agriculture, ESCP Europe
<b>Moussu</b>	<b>Christophe</b>	Professor, HDR	ESCP Europe
<b>Pradier</b>	<b>Pierre-Charles</b>	Professor	Sorbonne U. Paris1
<b>Thomas</b>	<b>Stéphane</b>	Associate professor	Sorbonne U. Paris1, CES
<b>Troege</b>	<b>Michael</b>	Professor, HDR	ESCP Europe
<b>Valérien</b>	<b>François</b>	Associate professor	CNAM
<b>Veryzhenko</b>	<b>Iryna</b>	Professor (Maître de conférences)	CNAM

## 5. Labex ReFi partners

**EIFR**

European Institute of  
Financial Regulation



**ETHZ**

Swiss Federal Institute of  
Technology in Zurich



**European Parliament**



**JRC – European  
commission**



**Banque du Liban**



## 6. LabEx seminars and events at a glance

### Regular Labex Research Seminar (Academic events)

	Partners	Organizers
<b>ReFi Series</b> (Financial Regulation)	ESCP, Sorbonne Paris1	Christophe Moussu, Gunther Capelle-Blancard & Antoine Souchaud
<b>Law &amp; Finance Series</b>	ETH Zurich, ESCP, Sorbonne Law School – University of Paris 1	Gerard Hertig, Franck Bancel and Alain Pietrancosta
<b>FinTech Series</b>	Sorbonne Paris1	Dominique Guegan
<b>Ethics &amp; Finance Series</b>	Chaire « Ethique et normes de la finance », Sorbonne Paris1	Pierre-Charles Pradier
<b>PhD Series</b>	ESCP, Sorbonne Paris1	Clément Goulet

### Breakfast debate Labex & EIFR (Open forum for academics and professionals)

	Partners	Organizers
Breakfast debate Labex & EIFR	EIFR (European Institute of Financial Regulation)	Edouard-François de Lencquesaing & Fahmi Ben Abdelkader

### Workshops

	Partners	Organizers
<b>PhD Workshop</b>	Sorbonne Paris1, ESCP Europe, HEC Paris, INSEAD	Christophe Moussu, Gunther Capelle-Blancard & Sergio Gaspar
<b>Strasbourg European Meeting</b>	European Parliament	Labex research units organize regularly workshop within the framework of this annual meeting in the European Parliament

### Regular annual conferences

	Partners	Organizers
<b>LabEx ReFi Annual Conference on Systemic Risk</b>	Sorbonne Paris1	Organized by the Labex Research unit “Systemic Risk, Resolution and Growth”
<b>Accounting Economics and Law, SASE Conference</b>	ESCP Europe	Co-organized by the Labex Research unit “Financial Information and Accounting Regulation”
<b>Conference: Quantitative Methods Financial Regulation</b>	Stony Brook University	Raphael Douady

## 7. Research

Executive summary by **Christophe Moussu**, Academic Co-Director of LabEx ReFi

LabEx ReFi produces independent high-level research, feeding the debate on the role of finance and its regulation, in order to encourage a financial development beneficial to the real economy. LabEx ReFi research efforts develop along three lines:

### **1. Regulation of the financial system actors (banks, insurance companies, capital markets, rating agencies)**

Following the financial crisis, this was the original topic of LabEx ReFi. The goal is to understand and measure the specific risk associated to each actor, in order to design a more efficient regulation. In particular, the issue of systemic risk, the role of accounting norms, of business models and incentives (compensation and taxes) are central to the research agenda of LabEx ReFi. The recent development of Fintechs, their underlying risk and their emerging regulation, have been an important new priority of the LabEx.

### **2. Finance and the real economy**

Finance regulation (or its absence) has a structural effect on the development of different forms of finance and in fine on growth. The objective is to study how those alternative forms of finance affect the development of the real economy, given their specific implications in terms of financing and governance. In particular, the role of long term investors and leveraged finance, the real effect of capital markets and the contribution of new actors (crowdfunding, private debt funds...) are important issues that are addressed.

### 3. Governance of Financial Regulation

A recent objective is to investigate the governance of Financial Regulation itself to better understand its origin, its efficiency and its temporal and spatial consistency. At the crossroad of Law, Finance and Economics, the goal is to produce research on the architecture of financial regulation and supervision and on the relation between the regulator and the regulated in an efficiency perspective.

Apart from the research content itself, it is necessary to insist on the employed methods.

The production of high-level research, publishable in leading journal of each discipline (Economics, Management, Law) is enhanced by high-level seminars, workshops and academic conferences, attended by PhDs, Postdocs and Professors. However, LabEx ReFi, consistently with its initial project, has the willingness to support “useful” research, with an impact on policymaking and governance. In order to promote the transfer of research to the world of policy makers and managers, research breakfast and thematic workshops are organized on a regular basis, opened to a wide audience of practitioners and regulators.

## 4 RESEARCH UNITS

### 1. Financial Information and Accounting Regulation



Dir. : Pr. **Yuri Biondi**, CNRS

15 senior researchers  
1 Postdoctoral fellow  
4 PhD students

### 2. Finance and Society



Dir. : Pr. **Christophe Moussu**, ESCP Europe

32 senior researchers  
2 Postdoctoral fellows  
11 PhD students

### 3. Markets, Banking and Financial Risks Supervision



Dir. : Pr. **Eric Lamarque**, Université Paris 1 Panthéon-Sorbonne

12 senior researchers  
1 Postdoctoral fellow  
6 PhD students

### 4. Systemic Risk, Resolution and Growth



Dir. : Pr. **Philippe de Peretti**, Université Paris 1 Panthéon-Sorbonne

21 senior researchers  
1 Postdoctoral fellow  
13 PhD students

# Research areas

Research projects of the Labex ReFi are conducted within the framework of 4 research units.

## 1. Financial Information and Accounting Regulation



Dir. : Pr. **Yuri Biondi**, CNRS

15 senior researchers  
1 Postdoctoral fellow  
4 PhD students

## 2. Finance and Society



Dir. : Pr. **Christophe Moussu**,  
ESCP Europe

32 senior researchers  
2 Postdoctoral fellows  
11 PhD students

## 3. Markets, Banking and Financial Risks Supervision



Dir. : Pr. **Eric Lamarque**, Université  
Paris 1 Panthéon-Sorbonne

12 senior researchers  
1 Postdoctoral fellow  
6 PhD students

## 4. Systemic Risk, Resolution and Growth



Dir. : Pr. **Philippe de Peretti**,  
Université Paris 1 Panthéon-  
Sorbonne

21 senior researchers  
1 Postdoctoral fellow  
13 PhD students



# Financial Information and Accounting Regulation

<p><b>Director</b></p>	<p>Yuri Biondi is professor at the ESCP Europe, currently acting as research director of the Financial Regulation Research Lab (Labex ReFi) in Paris. Graduate of the Bocconi University of Milan (DES), of the University of Lyon (DEA, PhD), of the University of Brescia (PhD) and of the University of Paris I Sorbonne (HDR), he is founding editor of the Journal "Accounting, Economics and Law: A Convivium". He was chairman of the Financial Accounting Standards Committee (FASC) of the American Accounting Association (AAA) from August 2011 to August 2013, member since August 2010. His research program combines economics with law and accounting, focusing on the relations between economics, accounting, law and finance in business and non-business entities.</p>	<p><b>Active research team composition</b></p>
<p>Yuri Biondi</p>		<p>6 Senior researchers</p>
		<p>1 Postdoctoral Fellows</p>
<p><b>Objective</b></p>	<p>The FIAR research axe convenes and develops research actions concerned with accounting, reporting, auditing and control; financial market microstructure (including corporate governance and prudential regulation); and economic organisation of business, non-business and financial entities, with a view to social welfare, financial stability and systemic risk. Specific attention is devoted to matters of funding, coordination, responsibility and accountability for economy and society.</p>	<p>2 PhD students</p>
		<p><b>Affiliated academic institutions</b></p>
		<p>ESCP Europe</p>
		<p>CNAM</p>
		<p>Oslo University</p>
		<p>Bologna University</p>
		<p><b>Ongoing research projects</b></p>
	<p>Research topics include: Financial System Dynamics and Regulation, Pension Obligations, High Frequency Trading and Market Pricing, Accounting Regulation, Control chains in financial and non-financial corporate groups, Accounting for Insurance Entities, Bank equity and prudential regulation, Institutions of finance and inequality, Financial Information and Market Pricing Dynamics</p>	<p>11 working papers</p>
<p><b>Research Approach</b></p>	<p>Researchers involved in this axe combine qualitative and quantitative methods of investigation, such as regulatory analysis, institutional analysis, and complex systems analysis.</p>	<p><b>Selected event</b></p>
		<p>Workshop on 'Which Accounting Regulation for Europe's Economy and Society' under the auspice of the European Parliament, Strasbourg, May 2015</p>
<p><b>Research Contribution</b></p>	<p>We aim to better understand the role of information generation and provision in financial market dynamics and corporate control and accountability</p>	<p><b>Selected Research Paper</b></p>
<p><b>Expected Practical implications</b></p>	<p>Recommendations may be developed for accounting, prudential and financial regulation on issues of accounting representation, transparency, reporting, disclosure, and accountability</p>	<p>Y. Biondi, 'The HM "Treasure's Island": the application of accruals-based accounting standards in the UK government', Accounting in Europe, 2016, forthcoming</p>

# Finance and Society

<p><b>Director</b></p> <p>Christophe Moussu</p> 	<p>Christophe Moussu, ESCP graduate, has a Master in Financial Economics from the University Paris I Panthéon-Sorbonne, a PhD in Finance from the University of Dijon and a HDR from the University of Lille 2. After a first experience in venture capital, he received a grant from the National Scientific Research Center for his doctorate and was invited as Research Fellow at Simon School of Business Administration (Rochester University). He joined the ESCP Europe faculty in 1993. He has served as scientific director of many graduate and executive programs. His research interest is related to the effect of corporate financial decisions on the real decisions of firms. He is also interested in the impact of law, regulation and incentives in financial and non-financial firms. He has advised several corporations on their financial policies and organizational architecture.</p>	<p><b>Team composition</b>          32 Senior researchers          2 Postdoctoral Fellow          11 PhD students</p> <p><b>Affiliated academic institutions</b>          ESCP Europe          Sorbonne University Paris 1</p> <p><b>Ongoing research projects</b>          23 working papers</p> <p><b>Selected event</b>          Research Seminar  <u>Around 30 invited speakers:</u>          Jeffrey Pontiff          Jean-Charles Rochet          Mark Roe          Marti Subrahmanyam          Viral V. Acharya, Etc.</p> <p><b>Selected Research Papers</b>          Bruneau, C., Delatte, A. L., &amp; Fouquau, J. (2014). Was the European sovereign crisis self-fulfilling? Empirical evidence about the drivers of market sentiments. <i>Journal of Macroeconomics</i>, 42, 38-51.          Capelle-Blancard, G., &amp; Monjon, S. (2014). The performance of socially responsible funds: does the screening process matter?. <i>European Financial Management</i>, 20(3), 494-520.          Moussu, Christophe, and Steve Ohana (2014). "Do Leveraged Firms Underinvest in Corporate Social Responsibility? Evidence from Health and Safety Programs in US Firms." <i>Journal of Business Ethics</i>: 1-15.</p> <p><b>Selected Press article</b>          Michael Troege (ESCP Europe) and Mark Roe (Harvard Law School)</p>  <p>How to use a bank tax to make the financial system safer, March 25th 2014, <b>Financial Times</b></p>
<p><b>Objectives</b></p>	<ul style="list-style-type: none"> <li>• Production of knowledge around the positive and negative effects of finance on the real economy, both at the micro and macro levels</li> <li>• Production of high-standard scientific papers and organization of events (research seminars, workshops, conferences)</li> <li>• Exchange ideas with senior scholars, professionals and policy-makers worldwide</li> <li>• Contribute to the current policy debate about financial stability, financial regulation and the real economy</li> </ul>	
<p><b>Research Approach</b></p>	<p>Scholars from several disciplines are involved (Economics, Management, Finance, Law) with varied research approaches (theoretical approach, econometric studies, case studies, surveys...).</p>	
<p><b>Research Contribution</b></p>	<p>The research of the axis is organized along three main topics:</p> <ul style="list-style-type: none"> <li>• The effects of financial decisions and capital markets on the real economy</li> <li>• Reconsidering the role and incentives in banks and other financial institutions</li> <li>• Reconsidering the role and efficiency of financial regulation</li> </ul>	
<p><b>Expected Practical implications</b></p>	<ul style="list-style-type: none"> <li>• Contribute with empirical evidence to policy discussions regarding the role and impact of finance on the real economy</li> <li>• Contribute to the debate on incentives in banks and other financial institutions to prevent new financial crises</li> <li>• Contribute to the policy debates within the financial regulation bodies in the EU</li> <li>• Shed more light on firm and bank governance issues that are useful for their managers and boards</li> <li>• Help reconcile finance and society for a wider audience</li> </ul>	

# Markets, Banking and Financial Risks Supervision

<p><b>Director</b></p> <p>Eric Lamarque</p> 	<p>Eric Lamarque, is Full Professor at Sorbonne Graduate business School in Paris 1 University. Author and contributor to five books and many publications on bank management, financial management and corporate governance, he's also consultant for several financial institutions in France, North America and Africa around transformation projects and post-merger integration. He's also member of the board of a French cooperative regional bank and hold of chair funded by Groupe BPCE.</p> <p>His research interests are banking strategies, risk management in the banking sector, banks' corporate governance and financial supervision.</p>	<p><b>Team composition</b></p> <p>28 Senior researchers</p> <p>8 associate researchers</p> <p>1 Postdoctoral Fellow</p> <p>11 PhD students</p>
<p><b>Objectives</b></p>	<ul style="list-style-type: none"> <li>• Production of high-standard research on the governance of financial regulation, financial management techniques and risks in the financial sector</li> <li>• Foster researches related to financial management techniques and their interplay with the governance of financial regulation.</li> <li>• Assessment of risks associated with retail or corporate financial products and investment strategies, operational, reputational risks and the governance of financial institutions, usefulness and monitoring of credit rating agencies, sovereign credit risk within the Eurozone and informational efficiency of financial markets are key issues to be addressed.</li> </ul>	<p><b>Affiliated academic institutions</b></p> <p>ESCP Europe</p> <p>Sorbonne University Paris 1 – Sorbonne Graduate business School</p> <p>CNAM</p> <p><b>Ongoing research projects</b></p> <p>The impact of banking risk regulation on the business model of financial cooperatives</p>
<p><b>Research Approach</b></p>	<p>The axis will support publication of involved researchers in mainstream finance and accounting academic journals and contribute to a number of high quality Labex policy papers. It will leverage on the monthly research seminar "<i>Comptabilité, Contrôle, Finance</i>" sponsored by the <i>Ecole de Management de la Sorbonne</i> (PRISM), GGREGOR at <i>IAE de Paris</i> and CNAM and on the corresponding seminar managed by the axe "<i>Monnaie, Banque, Finance</i>" at the <i>Centre d'Economie de la Sorbonne</i></p>	<p><b>Selected event</b></p> <p>February, 25<sup>th</sup> 2016</p> <p>Workshop on "Recovery and Resolution of Central Clearing Counterparties"</p>
<p><b>Research Contribution</b></p>	<ul style="list-style-type: none"> <li>• Contribute to the study of interaction effects between financial regulation and theoretical and empirical issues regarding informational efficiency and microstructure of securities markets</li> <li>• Contribute to the impact assessment of financial regulations on the financial sector</li> </ul>	<p>November, 2016</p> <p>Workshop on "Financial cooperatives management principles and the EBA on risk regulation: are they compatible?"</p>
<p><b>Expected Practical implications</b></p>	<ul style="list-style-type: none"> <li>• Improve the governance of financial regulation (i.e. how rules related to the oversight of financial markets (such as EMIR, UCITS, AIFMD or DFA) and institutions (CRD IV, Solvency 2) are being implemented and monitored.</li> <li>• Provide feedback and food for thought to regulators regarding the way Consultative Papers, Quantitative Impact Studies (Basel 3 or EBA QIS) and monitoring and reporting exercises (ECB or EIOPA Stress-testing methodologies, Basel 3 RCAP (Regulatory Consistency Assessment Programme), EBA benchmarking exercises, ...)</li> </ul>	<p><b>Selected Research Paper</b></p> <p>"Operational risk and reputation in the financial industry", R. Gillet, G. Hübner and S. Plunus, <i>Journal of Banking and Finance</i>, Vol. 34, 2010, pp. 224-235.</p>

# Systemic Risk, Resolution and Growth

<p><b>Director</b></p> <p>Philippe de Peretti</p> 	<p>Dr. Philippe de Peretti holds a PhD in Economics from the University Paris1 Panthéon-Sorbonne (2002). He formerly worked as an economist at the Banque de France. He is now an Assistant Professor at the Paris1 Panthéon-Sorbonne University at the "Centre d'Economie de la Sorbonne". His research interests include micro-econometrics, time series econometrics, nonparametric statistics, systemic risk and monetary economics. He is currently heading for Paris1 a FP7 project on systemic risk and he is also the head the "Systemic risk" axis of the LabEx réfi. Ph. de Peretti also heads a master of econometrics. He is an officer of the Society for Economic Measurement.</p>	<p><b>Team composition</b></p> <p>14 Senior researchers</p> <p>1 Postdoctoral Fellows</p> <p>2 PhD students</p> <p><b>Affiliated academic institutions</b></p> <p>-Centre d'Economie de la Sorbonne, Paris 1 Panthéon Sorbonne</p> <p>-CNRS</p> <p>-IESEG-LEM</p> <p><b>Ongoing research projects</b></p> <p>About 10 papers.</p>
<p><b>Objective</b></p>	<ul style="list-style-type: none"> <li>-Develop early warning indicators for financial crisis, tipping points or bifurcations,</li> <li>-Introduce new tolls for network modeling,</li> <li>-Provide the regulators with new tools.</li> </ul>	<p><b>Selected event</b></p> <p>February, 19<sup>th</sup> 2016</p> <p>LabEx RéFi conference on Systemic Risk</p>
<p><b>Research Approach</b></p>	<p>The research is organized around several pillars:</p> <ul style="list-style-type: none"> <li>-Self-organized critically (SOC) systems,</li> <li>-Agent-based modeling,</li> <li>-Frailty indicators,</li> <li>-non-linear time series.</li> </ul>	<p><b>Selected Research Paper</b></p> <p>Hentati Kaffel R. and P. de Peretti, (2015), Generalized Runs Tests to Detect Randomness in Hedge Funds Returns, <i>Journal of Banking and Finance</i>, Elsevier, 2015, 50, pp.608-615.</p>
<p><b>Research Contribution</b></p>	<p>Our aim within this axis is to contribute to the systemic risk literature by introducing new econometric tools, mainly coming for physics, bio metrics or other fields dealing with bifurcations, detection of tipping points. Our goal is then to develop within the LabEx a website with early warnings.</p>	
<p><b>Expected Practical implications</b></p>	<ul style="list-style-type: none"> <li>-Provide early warnings of the frailty of the financial systems,</li> <li>-Analyze linkages between different markets (CDS, stocks, Bonds,...),</li> <li>-Analyze financial regulation within different frameworks.</li> </ul>	

## Labex publications at a glance: a synthetic table

Table 5. Number of publications in peer reviewed journals in 2016 by rank (as of December 2016)

Year	Articles in International peer reviewed Journals	Rank1*	Rank2	Rank3	Rank4
2016	39	7	7	3	22

\* Labex Ranking

Table 6. Synthetic table of publications and other research studies by Labex Members in 2016

	2016
Articles in Academic Peer Reviewed Journals	39
Books	5
Edited Books & Book Chapters	21
Policy papers	12
Professional Journal articles	2
Media & Press articles	10
Research presentations in academic conferences or seminars	85
Research presentations in professional conferences	19
Studies and reports commissioned by governmental agencies or private entities	4
<b>Total</b>	<b>197</b>

## Selection of major publications in peer reviewed journals in 2016

Bancel F. (Labex ReFi) and Salé L. (Labex ReFi), (2016), "Basel III and Bank Liquidity Creation", **Bankers, Markets & Investors** 143, 2-10.

Capelle-Blancard G. (Labex ReFi) and Havrylchuk, O. (Labex ReFi) (2016). " Incidence of bank levy and bank market power", **Review of Finance**

Capelle-Blancard G. (Labex ReFi), (2016), The abolition of the "Impôt sur les opérations de bourse" did not foster the French stock market", **Finance Research Letters**, 17, 257-266.

Coupey-Soubeyran Jézabel (Labex ReFi), Salim Dehmej (Labex ReFi), (2016), "Pour une combinaison politique monétaire / politique macroprudentielle au service de la stabilité économique et financière de la zone euro", **Revue d'économie politique**, 2016/1 (Vol. 126)

Coupey-Soubeyran Jézabel (Labex ReFi), "Taux négatif : arme de poing ou signal de détresse ? ", **Revue d'économie financière** n°121

Dambrin C. (Labex ReFi) and C. Lambert (2016), Beauty or not beauty: Making up the producer of popular culture, **Management Accounting Research**

Dambrin C. (Labex ReFi), C. Spence, C. Carter, A. Belal, J. Husillos, and P. Archel (2016), "Tracking habitus across a transnational professional field", **Work, Employment and Society**, 30/1: 3-20.

Delatte, A.L., Fouquau J. (Labex ReFi), and R. Portes (2016), "Regime-Dependent Sovereign Risk Pricing During the Euro Crisis", **Review of Finance**

Garcin M. , Guégan D.(Labex ReFi), (2016), "Wavelet shrinkage of a noisy dynamical system with non-linear noise impact", **Physica D: Nonlinear Phenomena**, 325, 126 – 145

Kahalé Nabil (Labex ReFi) (2016) , "Model-independent lower bound on variance swaps", **Mathematical Finance** 26(4): 939-961

Kahalé Nabil (Labex ReFi),(forthcoming) , " Super-Replication of Financial Derivatives Via Convex Programming", **Management Science**

Laurent Jean-Paul (Labex ReFi), Michael Sestier (Labex ReFi), and Stéphane Thomas (Labex ReFi). Trading book and credit risk: How fundamental is the Basel review? **Journal of Banking and Finance**, Vol 73, pp,211-223

Loutia A., Mellios C. and Andriosopoulos K. (2016), "Do OPEC Announcements Influence Oil Prices?", **Energy Policy**, (AERES A, CNRS 2), 90, 262-272.

Mellios C. and Lai A. (2016), « Valuation of Commodity Derivatives with an Unobservable Convenience Yield», **Computers and Operations Research**, (AERES A, CNRS 2), 250, 493-504.

Mellios C., Six P. and Lai A. (2016), « Dynamic speculation and hedging in commodity futures Markets », **European Journal of Operational Research**, (AERES A, CNRS 1), 250, 493-504.

Moussu Christophe (Labex ReFi), Ohana Steve (Labex ReFi) (2016), «Do Leveraged Companies Underinvest in CSR? Evidence from Health and Safety Programs in U.S. Firms», **Journal of Business Ethics**, Volume 135, (4), pp 715–729.

Pinter Julien (Labex ReFi), Charles Boissel, (2016), "The Eurozone deposit rates' puzzle: Choosing the right benchmark", **Economics Letters**, Volume 148, November 2016, Pages 33-36.



## **Selection of major publications in peer reviewed journals in 2015**

Billio M. (Labex ReFi), R. Casarin, F. Ravazzolo and H.K. van Dijk (2015), Interconnections between Eurozone and US booms and busts using a Bayesian Panel Markov-Switching VAR model, forthcoming **Journal of Applied Econometrics**.

Biondi Yuri (Labex ReFi) (2015) Accounting and the formation of share market prices over time: A mathematical institutional economic analysis through simulation and experiment', **Applied Economics**.

Bunkanwanicha, P.(Labex ReFi), Gupta J. (Labex ReFi), Wiwattanakantang, Y., Pyramidal Group Structure and Bank Risk in Thailand, **Journal of Comparative Economics**, forthcoming, publish online December 2015.

Carré E., J. Couppey-Soubeyran (Labex ReFi), S. Dehmej (Labex ReFi), « La coordination entre politique monétaire et politique macroprudentielle. Que disent les modèles DSGE ? », **Revue économique**, vol. 66, N° 3, mai 2015.

Douady Raphael (Labex ReFi) and Taleb Nassim "On the Super-Additivity and Estimation Biases of Quantile Contributions" **Physica A: Statistical Mechanics and its Applications** (Impact Factor: 1.73). 02/2015; 429.

Fouquau J. (Labex ReFi) and P. SPIESER (Labex ReFi) (2015), Statistical evidence about LIBOR manipulation: A "Sherlock Holmes" investigation, **Journal of Banking and Finance**, 50, 632-643.

Hentati-Kaffel., R (Labex ReFi), de-Peretti P (Labex ReFi) (2015): Generalized Runs Tests to Detect Randomness in Hedge Funds Returns, **Journal of Banking and Finance**, Volume 50, January 2015, Pages 608-615.


Bonnisseau Jean-Marc (Labex ReFi) and Noé Biheng (2015) « Regular economies with ambiguity aversion,», **Journal of Mathematical Economics**, 59, (2015), 24 – 36, DOI: 10.1016/j.jmateco.2015.04.004.

Pietrancosta Alain (Labex ReFi) (2015) "The Repression of Market Abuse under French Law: Recent Developments", avec N. Rontchevsky, **Revue trimestrielle de droit financier** 2015/3, p. 75.

Scialom Laurence (Labex ReFi) "The influence of the economic approaches to regulation on banking regulations: A short history of banking regulations", co-written with Sophie Harnay) **Cambridge Journal of Economics**, April 2015.

## Invited Professors

Table 7. List of invited professors in 2016

Research unit	Invited Professor	Bio
Finance & Society	 <p><b>Mark Roe</b> Harvard University</p>	<p>Mark J. Roe is a professor at Harvard Law School, where he teaches corporate law and corporate bankruptcy. He wrote <i>Strong Managers, Weak Owners: The Political Roots of American Corporate Finance</i> (Princeton, 1994), <i>Political Determinants of Corporate Governance</i> (Oxford, 2003), and <i>Bankruptcy and Corporate Reorganization</i> (Foundation, 2011). Recent academic articles include: <i>The Derivatives Market's Payments Priorities as Financial Crisis Accelerator</i>, 63 <i>Stanford Law Review</i> 539 (2011), available at <a href="http://ssrn.com/abstract=1567075">http://ssrn.com/abstract=1567075</a>; <i>Corporate Structural Degradation Due to Too-Big-to-Fail Finance</i>, <i>University of Pennsylvania Law Review</i> (forthcoming), available at <a href="http://ssrn.com/abstract=2262901">http://ssrn.com/abstract=2262901</a>; and <i>Corporate Short-Termism — In the Boardroom and in the Courtroom</i>, 68 <i>Business Lawyer</i> 977 (2013), available at <a href="http://ssrn.com/abstract=2239132">http://ssrn.com/abstract=2239132</a>.</p>
Finance & Society	 <p><b>Paul Laux</b> Delaware University</p>	<p>Professor of Finance and JPMorgan Chase Faculty Scholar University of Delaware</p> <p>Current and recent research</p> <p>Credit ratings agencies: Analysts or coordinators?, with P. Carvalho and J. Pereira (working paper) Executive compensation and opacity, with M. Ferreira and G. Markarian (working paper) Board independence and SEOs, with M. Ferreira (Forthcoming, <i>Journal of Financial and Quantitative Analysis</i>) Cost, risk taking and value in the airline industry, with H. Yan and C. Zhang (Published, 2014, in <i>Studies on Energy Markets and Finance</i>, S. Ramos and H. Veiga, eds.) Ongoing research projects: Board members' media connections and access to financing, with Alberta Di Giuli Cash and financing policy under differential planability, with J. Ferrao and J. Dias Curto Multiscale modeling and simulation methodology for financial market stability and risk analysis, with Bintong Chen, Guang Gao, Xioming Li and Stephane Zuckerman Behavioral finance explanations for early exercise behavior in American put options: Evidence from the financial crisis, with Fanghua Lin</p>

---

<b>Research unit</b>	<b>Invited Professor</b>	<b>Bio</b>
Markets, Banking and Financial Risks Supervision		Director of Research Center: Professor Yukio MUROMACHI, Ph. D. Department of Business Administration, Graduate School of Social Sciences
	<b>Yukio Muromachi</b> Tokyo Metropolitan University	

---

## Databases

One of the main objectives of the Labex ReFi was the acquisition of databases that are not tied to only one given research project and that can be shared between its constitutive research institutions as well as between several research projects. Financial databases are today an essential, but costly, component of top quality financial research. Sharing these databases between Labex ReFi members has not only allowed cost reductions but it has also enabled our researchers and students from constitutive institutions to access a much broader selection of databases than it would have been otherwise possible.

Labex ReFi has acquired many different kinds of databases that have been made available to all its members. Labex ReFi has recently circulated an evaluation questionnaire to gauge how much those databases are being used by its members. Nearly 60% of the surveyed people, senior researchers and PhD students, report using at least one database for their research. Moreover, many professors have reported that their master's students have used those databases for the master's thesis. For example, between 2011 and 2014, more than 200 master's thesis defended at the finance department of the ESCP Europe business school relied on one of the Labex ReFi databases.

Research conducted using those databases has led to a great number of scientific papers written by Labex ReFi members, some of which have been published in top peer reviewed journals.

**Table 8. List of databases available to Labex members**

Database	Data field	Geographic coverage	Period of coverage	Subscriber Institution	Provider
<b>Bloomberg</b>	Cross-asset	Global	Depending on the series	CNAM	Bloomberg
<b>OCDE</b>	Macro data, books,	OCDE	Depending on the series	ENA	Turpin
<b>CMA</b>	CDS (iTraxx SovX)	Western Europe	From 2008	Sorbonne University Paris1	CMA
<b>CRSP (WRDS)</b>	Market/Corporate/Macro Data	Global	Depending on the series	ESCP Europe	Wharton
<b>Compustat (WRDS)</b>	Market/Corporate Data	Global	From 1987	ESCP Europe	Wharton
<b>WRDS</b>	Market/Company/Macro Data	Global	Depending on the series	ESCP Europe	Wharton
<b>Bankscope</b>	Corporate Finance (Bank)	Global	Depending on the series	ESCP Europe	Thomson Reuters
<b>Thomson One Banker</b>	Corporate Finance	Global	Depending on the series	ESCP Europe	Thomson Reuters
<b>Thomson Datastream</b>	Market/Macro Data	Global	Depending on the series	ESCP Europe	Thomson Reuters
<b>The Financial Times</b>	News paper	Global	-	Sorbonne University Paris1	Financial Times
<b>Markit</b>	CDS (single-name Corp/Bank)	Global	From 2001	Sorbonne University Paris1	Markit
<b>Moody's</b>	Credit Data	Global	From 1920	Sorbonne University Paris1	Moody's
<b>ALTARES</b>	Corporate Finance	France	From 2002	Sorbonne University Paris1	IODS
<b>Eurofidai Stocks</b>	Equity	Europe	From 1977 (France), 1986 (others)	Sorbonne University Paris1	IODS
<b>Lipper FMI</b>	Investment Funds	Europe	Depending on the series	Sorbonne University Paris1	IODS
<b>ECCCS M&amp;A</b>	M&A deals	Europe	From 2001	Sorbonne University Paris1	IODS
<b>Savings &amp; Credit</b>	Savings, real estate, pension funds	Europe	Depending on the series	Sorbonne University Paris1	IODS
<b>BarclayHedge Global Enhanced</b>	Hedge Funds, FoF, CTAs	Global	From 1961	Sorbonne University Paris1	IODS
<b>Eurofidai Mutuals Funds</b>	Mutuals Funds	Europe	From 1980	Sorbonne University Paris1	IODS
<b>Factset</b>	Funds/Corporate/Macro Data	Global	Depending on the series	Sorbonne University Paris1	IODS
<b>MTS</b>	High Frequency - Bonds	Global	2012-2014	Sorbonne University Paris1	IODS
<b>Eurofidai BEDOFIH (Euronext et LSE)</b>	High Frequency - Equity	Global	2011-2013	Sorbonne University Paris1	Eurofidai
<b>BATS-ChiX (série HFT Level I/II/III)</b>	High Frequency - Equity	Global	2011-2013	Sorbonne University Paris1	IODS
<b>BATS-ChiX (flux HFT Level I/II)</b>	High Frequency - Equity	Global	Real-time (as of 01/01/2016)	Sorbonne University Paris1	Interactive Data
<b>Turquoise (flux HFT Level I/II)</b>	High Frequency - Equity	Global	Real-time (as of 01/01/2016)	Sorbonne University Paris1	Interactive Data
<b>LSE (flux HFT Level I/II)</b>	High Frequency - Equity	Global	Real-time (as of 01/01/2016)	Sorbonne University Paris1	Interactive Data
<b>NYSE (flux HFT Level I/II)</b>	High Frequency - Equity	Global	Real-time (as of 01/01/2016)	Sorbonne University Paris1	Interactive Data
<b>NASDAQ (flux HFT Level I/II)</b>	High Frequency - Equity	Global	Real-time (as of 01/01/2016)	Sorbonne University Paris1	Interactive Data

## 8. Education and Training

### PhD Program

Executive summary By **Gunther Capelle Blancard**, Director of the PhD Program

While there are many PhD students in finance, whether financed through doctoral contracts or under the CIFRE agreement (in partnership with companies), there are, however, few PhD devoted specifically to the regulatory aspects. LabEx ReFi was intended to change this state of the art: since its inception, Labex ReFi has promoted PhD on financial regulation.

Since 2011, Labex ReFi has selected and funded 14 PhD students (the list is provided in Table 1). The candidates were auditioned by a jury and selected by the scientific committee. The students then were enrolled in the existing doctoral programs: the so-called 'Doctoral School of Economics No. 465' (rated A + by the state agency AERES in 2009) and 'Doctoral School of Management Panthéon-Sorbonne n ° 559' joint with ESCP-Europe (rated A by the AERES in 2009). PhD in other disciplines (law, political science, philosophy, history, etc.) are possible since there are programs with the founding institutions, although there were no instances during these first years. PhD students from Labex benefited from the same conditions as 'classical' PhD students with scholarships ('doctoral contracts' in French): they attended methodological courses offered by their respective doctoral program or by the school of financial regulation set up by Labex (see below). They carry out 'additional missions' for Labex: several of the Labex PhD students also have the opportunity to start teaching in their specialty, either as part of their contract or as an ATER at the university.

In addition to the 17 doctoral students directly funded by Labex (from which 3 PhD have been completed in 2015 and 2 in 2016), the ReFi doctoral program will support PhD on the financial regulation of 10 associate doctoral students (from which 2 were completed in 2016). Associate PhD students are selected by the scientific committee

(under simplified procedure). They do not receive a salary from the Labex. However, they have the same rights and obligations as other PhD students: the right to access the LabEx package (see next paragraph), attendance at seminars, participation in monthly PhD students meetings, etc. in exchange for the Labex signature requirement in addition to their funding institution.

The Labex ReFi thus provided the PhD students – whether associate or fully funded – with a full research package: computer equipment, databases, subscriptions to the FT, and documentation. The Labex ReFi also funds the participation in conferences, when the doctoral students actually present one of their research papers. They can also take additional training. Finally, a special internal doctoral seminar is also in place (Research Seminar, PhD series).

## **2016 initiatives**

### 1. In and out-flows: new students and defences

The first batch of PhD defenses took place at the end of 2015. A presentation of the corresponding theses was then held before the members of the executive committee and the scientific committee.

In addition, 7 new PhD students joined the doctoral program, two of them with Labex funding (see the full list in the appendix):

- Mona Barake: Tax Havens  
Supervisor: Gunther Capelle-Blancard
- Rémy Estran : Modeling of SME-midcaps credit risk in Europe  
Modélisation du risque de crédit des PME-ETI en Europe  
Supervisor: Cécile Kharoubi
- Olivier Greusard : What is the impact of financial regulation on the risk of corruption?  
Supervisor: Pramuan Bunkanwanicha



Funded by Labex scholarship

- Emna Khemakhem : Stock Market Liquidity Analysis

Supervisor: Gunther Capelle-Blancard

- François René Lherm : Implementation of the concept of critical thinking in the international regulation of legal auditing

Supervisor: Philippe Zarlowski

- Laurent Sale : Value of liquidity in the banking sector,

Supervisor: Franck Bancel

- Antoine Souchaud : Essays on crowdfunding regulation

Supervisor: Christophe Moussu

Funded by Labex scholarship

## 2. Job market guidance

After the completion of the first batch of PhD at the end of December 2015, Labex supported the young doctors in their search campaign. In 2016, the economists' job market were held in San Francisco for international positions and at the AFSE conference for positions in France. Two of the three PhD graduates took part in these job market sessions (the third preferred to carry out a post-doc) and secured numerous interviews and offers both in France and abroad.

## 3. Tracer study of PhD graduates

Three PhD were completed in 2015, two more in 2016.

- Frederica Salvadé: post-doc Labex Refi (one year contract), then assistant professor at Skema business school.
- Artur Petit-Romec: post-doc Labex Refi (one year contract)

- Salim Dehmej: economist with Central Bank of Morocco (CDI)
- Alexandre Garel: post-doc Auckland University (one year contract)
- Xiaoying Huang: job market candidate

#### 4. Tracer study of post-doc

- Sérgio Gaspar: Associate at Cornerstone Research (litigation consulting firm)
- Hassan Omid Firouzi: Senior Enterprise Model Risk Analyst at Royal Bank of Canada

#### 5. Support for research

The Labex Refi also provides financial support for PhD presenting their papers in conferences abroad. The rule is that only those who present a research paper are funded. Technically, support goes through the four areas of research.

#### 6. Doctoral program

In addition to the seminars supplied by current doctoral programs, Labex Refi organized a specific "Oral Communication Skills" seminar. For this, we have called on Carmel Connell, who has carried out the same type of intervention for both Paris School of Economics, and the PSL\* research federation. This one-day seminar, organized in May, brought together about ten junior participants from Labex.

#### 7. ReFi Research Seminar, PhD series

In parallel with the Doctoral program, the PhD students of the Labex organize a lunch seminar. This seminar, managed by Clément Goulet under the supervision of Jorgen Vitting Andersen, brings together about fifteen doctoral students and young researchers every month at the MSE (see appendix for the calendar for 2016). It is an opportunity for them to exchange methods, to create a "Labex spirit" and to practice their presentation skills, without pressure arising from the presence of senior members (supervisors of thesis or others ).

## 8. PhD workshop

As in 2015, a special day dedicated to the presentations of doctoral students was held in June 2016, and all Labex researchers and members were invited. In addition to Labex PhD students, students from HEC and INSEAD were invited to join.

**Table 9. List of PhD students who defended their thesis in 2015 (2) and 2016 (5)**

<b>Family name</b>	<b>First name</b>	<b>Institution</b>	<b>Ph. D supervisor</b>	<b>Topic</b>	<b>Research Axis</b>	<b>Year</b>	<b>Thesis grant</b>
Salvade	Federica	Sorbonne U. Paris1, PRISM	Philippe Raimbourg	Monitoring the credit rating agencies	Markets, Banking and Financial Risks Supervision	2015	100% Labex scholarship
Dehmej	Salim	Sorbonne U. Paris1, CES	Jezabel Couppey-Soubeyran	Banques centrales et stabilité financière.	Finance and society	2015	100% Labex scholarship
Petit-Romec	Arthur	ESCP Europe	Christophe Moussu	Les principes de la finance d'entreprise peuvent-ils s'appliquer aux banques ?	Finance and society	2015	100% Labex scholarship
Huang	Xiaoying	ESCP Europe	Didier Marteau	Regulations in commodities markets	Markets, Banking and Financial Risks Supervision	2016	100% Labex scholarship
Garel	Alexandre	ESCP Europe	Bancel Franck	Myopie/court-termisme des investisseurs, du marché et des dirigeants	Finance and society	2016	100% Labex scholarship
Lherm	François-René	Sorbonne U. Paris1, PRISM	Philippe Zarlowski	Opérationnalisation du concept d'esprit critique dans la régulation internationale de l'audit légal	Financial Information and Accounting Regulation	2016	CIFRE
Hooper	Emma	Aix-Marseille University	Patrick Pintus	Finance and economic growth in natural resource rich countries	Finance and society	2016	ENS Cachan scholarship

# Financial Regulation School

**Executive summary** by Pr. **Pierre-Charles Pradier**, Academic co-director of LabEx ReFi

Training programs started at the master level in 2015 with a European Financial Forum, which brought together the students of the four founding institutions to the European Parliament.

In 2016, a 30-hour financial regulation course was offered to master students of ESCP-Europe and Paris 1. 60 students successfully passed the exam for this course, which was designed by the LabEx team to associate professionals, thus featuring quants (specializing in credit and market risk measurement) and senior bankers who had participated in international negotiations at the G20 (for example, Jean- François Lepetit, director of BNPParibas). The evaluation showed it necessary to introduce the matter, and there is some demand for more advanced courses. Hence in 2017, the course will be supplemented by an introductory module and an advanced module in English and open to CNAM students.

Our doctoral program relied so far on the existing courses in the founding institutions (notably the common ESCP-Europe-Sorbonne school of management track and the economics doctoral program. The LabEx added a joint PhD workshop in June 2016 with HEC and INSEAD. This event will be perpetuated with an annual pace, but the 2017 academic year should also see the implementation of a specific ReFi doctoral track.

Beginning in 2017, the LabEx ReFi is participating in the AMF training with CNAM: this compulsory professional qualification will be offered under preferential conditions to all L3 students of the founding institutions.

In addition to initial training, the LabEx ReFi developed continuing education programs, in particular with the European Institute of Financial Regulation (EIFR) and with the Corps des Mines. They are essentially transfer seminars involving academic experts in financial regulation with professionals and regulators.

## 9. Valorization

### Breakfast debates in partnership with EIFR



The « Matinales EIFR & LabEx ReFi » are breakfast debates co-organized regularly by LabEx ReFi in partnership with the European Institute of Financial Regulation. It aims at bridging theory and practice by offering a new forum for open discussion and interaction on financial regulation between academics, policy makers, and professionals of various backgrounds. Breakfast debates are organized regularly at least twice a month.

**Table 10. Breakfast debate Labex & EIFR, 2016**

Date	Speaker	Affiliated Institution of Guest Speaker	Topic/title of the paper
14/12/2016	<b>Christian de Boissieu</b>	<b>Professor, Emeritus Professor, Professor at the College of Europe (Bruges) and at the Catholic University of Lille.</b>	Régulation et finance au service de l'économie réelle
02/12/2016	<b>Marielle Cohen-Branche</b>	<b>Médiateur de l'AMF</b>	La médiation financière : les défis d'une nouvelle articulation et les leçons du terrain ?
25/11/2016	<b>Alain Piétrancosta</b>	<b>University Paris 1 Panthéon – Sorbonne</b>	Mieux légiférer en droit financier: propositions du Haut Comité Juridique de la Place de Paris avec
09/11/2016	<b>Christian Schmidt</b>	<b>professeur émérite de l'Université Paris-Dauphine et président de l'Association européenne de Neuroéconomie</b>	Risques financiers : vers une approche neuronale ?

03/11/2016	<b>Jean-Paul Laurent</b>	<b>University Paris 1 Panthéon – Sorbonne (PRISM – Sorbonne)</b>	Market Risk and capital requirements: a hide and seek game
13/10/2016	<b>Gonzalo Gasós</b>	<b>Head of Banking Supervision at the EBF</b>	Basel IV: a disruptive equation
28/09/2016	<b>John Berrigan</b>	<b>Deputy Director General of FISMA</b>	« Call for Evidence »: lessons & actions
23/09/2016	<b>Isabelle VAILLANT</b>	<b>EBA</b>	EBA : Les défis d'une régulation prudentielle équilibrée
16/09/2016	<b>Cyril Roux Gerard Rameix</b>	<b>Harvard AMF</b>	Shadow Banking : Constats et Défis partagés Irlande-France
07/06/2016	<b>Alexandre Garel &amp; Arthur Petit-Romec</b>	<b>Escp Europe</b>	Horizon d'investissement des actionnaires: quel impact pour les entreprises cotées ?
13/05/2016	<b>Christophe CARESCHE</b>	<b>Assemblée Nationale</b>	L'Europe : aussi un défi pour les élus nationaux !
11/05/2016	<b>Jacques DELMAS-MARSALET</b>	<b>Haut Comité Juridique de la Place Financière de Paris</b>	Monopole Bancaire : propositions du Haut Comité Juridique de la Place de Paris
13/04/2016	<b>Steve Ohana</b>	<b>ESCP EUROPE</b>	Matières premières : volatilité et régulation
17/03/2016	<b>Jean-Marc Israël</b>	<b>BCE</b>	BCE et Reporting : Comment « faciliter » ?
15/03/2016	<b>M. Christian de Perthuis</b>	<b>Professeur d'économie à l'université Paris-Dauphine</b>	Quelles régulations pour tarifier le carbone à la suite de la COP-21 ?
10/03/2016	<b>Lei Zhao</b>	<b>ESCP EUROPE</b>	Implicit Government Guarantees in Financial Institutions: new measures & issues
19/02/2016	<b>Pervenche Berès</b>	<b>Députée européenne</b>	L'Union des marchés des capitaux : le nouvel horizon européen ? avec
04/02/2016	<b>Jean-Jacques PLUCHART &amp; Constantin MELLIOS &amp; Eric LAMARQUE</b>	<b>University Paris 1 Panthéon – Sorbonne (PRISM – Sorbonne)</b>	Le shadow banking peut-il soutenir le développement économique ?
28/01/2016	<b>Gaël GIRAUD</b>	<b>Economiste en chef de l'Agence Française de Développement (AFD), Membre du LabexRefi</b>	Making the European Banking Union Macro-Economically Resilient: Cost of Non-Europe Report
25/01/2016	<b>Alain Lamassoure</b>	<b>Ancien ministre, Député européen, président de la délégation française du Groupe PPE</b>	L'Europe : trop d'argent, trop peu de croissance

## Partnership with Bank of Lebanon



LabEx ReFi and ESA Beyrouth Business School have signed in December 2016 a memorandum of understanding (MoU) on providing the Bank of Lebanon with a scientific committee, and organizing training events for central Bankers in the Middle East, sponsored by the Bank of Lebanon. These training sessions are organized within the Institute for Finance and Governance (IFG) which was established at the initiative of the Banque du Liban to develop a center of expertise in finance and governance in Lebanon. The Institute is managed by the ESA Business School, which has become a leading academic center in the region in twenty years.

## 10. Conferences in 2016

Table 11. List of conferences in 2016

19 February 2016	<b>First LabEx ReFi Conference on Systemic Risk</b> Organized by the Labex Research unit “Systemic Risk, Resolution and Growth”
5 April 2016	<b>Conference : Fighting the Finance of Terrorism Conference</b> Organized by Labex ReFi, ESCP Europe and ACAMS ( Association of Certified Anti-Money Laundering Specialists)
24-26 June 2016	<b>Accounting Economics and Law, SASE Conference, Berkeley (CA)</b> Co-organized by the Labex Research unit “Financial Information and Accounting Regulation”
7-9 September 2016	<b>Summer School: A Comparative of US and European Financial Regulation</b> <b>New York City</b> Co-organized by Labex ReFi and Stony Brook University
10-11 September 2016	<b>Conference: Quantitative Methods Financial Regulation</b> <b>Stony Brook University</b> Co-organized by Labex ReFi and Stony Brook University



## Conferences Ethics & Finance

Table 12. List of conferences organized by Ethics & Finance Chair in 2016

DATE	Speaker	Affiliated institution of guest speaker	TOPIC
February , 2016	Frédéric Baule (consultant indépendant), Nicolas Hardy (Analyste financier, Standard & Poor's Ratings Services) ainsi que Edouard Fernandez-Bollo (autorité de contrôle prudentiel et de résolution) à une table ronde modérée par PCP (Paris 1)	Standard & Poor's Ratings Services autorité de contrôle prudentiel et de résolution	Table ronde sur "La religion dans la finance : risques, marketing et réalités".
May 2, 2016	Randi Deguilhem Ismail Warscheid Tillman Lohse Pierre-Charles Pradier Husain Benyounis	IISMM-EHESS CNRS Humboldt Universität zu Berlin Paris 1 Awqaf New-Zealand	WORKSHOP "Foundations, Stiftungen and awqaf :historical instances, perpetual institutions, evolving social needs"
June 8, 2016	Jonathan Ercanbrack	SOAS, University of London	The Role of Context in the Transformation of Islamic Law in Global Financial Markets".
September 21, 2016	David Teira	Universidad Nacional de Educacin a Distancia	What was fair in "actuarial fairness"?

# Focus on the Conference: Fighting the Finance of Terrorism Conference



Organized by Labex ReFi, ESCP Europe and ACAMS (Association of Certified Anti-Money Laundering Specialists)



Overview of the conference by

## **Michel Perez**

Associate Director and Representative in the United States of LabEx ReFi

On April 5, 2016, about 200 individuals including high level academics, French government officials and professionals of the financial industry gathered at the Paris campus of ESCP Europe to attend a conference on combating the financing of terrorism organized jointly by Labex ReFi (a think tank like academic organization which regroups scholars involved in Financial Regulation) and ACAMS.

The aim of the conference was to analyze systems and enforcement procedures used in France, Europe and the United States. A first panel of experts presented a description and assessment of systems and practices currently used to detect and prevent the financing of terrorism while a second panel aimed to explore ways to improve international cooperation and make controls more efficient. In introductory remarks, **Andreas Kaplan**, Dean for Academic Affairs of ESCP Europe reminded the audience that the word “terrorism” in its present form was coined during the French Revolution but took recently all its present significance; he expressed the desire that participants would leave the conference certainly

better informed and hopefully more reassured. **Angela Salter**, Head of ACAMS Europe thanked the sponsors, SAS, Fin Scan and Lexis Nexis and indicated her organization has a worldwide scope as it regroups 35,000 “AML CFT” (Anti Money Laundering and Combating the Financing of Terrorism) specialized professionals. It opened its French chapter in 2013 and, she added, is happy to cooperate with Labex ReFi and ESCP Europe.

**Members of the first panel were introduced by Christophe Moussu, Professor of Finance at ESCP and College of Europe who indicated how academia could help to gain a better understanding and combat terrorism by acting as a bridge between specialized professionals and offering an interdisciplinary approach.**

**Pierre Servan-Schreiber**, a lawyer registered in both Paris and New York, explained how the American legal system currently dominates the governance and enforcement of measures related to the fight against terrorism financing. The United States was the first country to suffer from large scale terrorist attacks in 2001 and, logically, created with the USA PATRIOT Act and other laws and regulations a system to fight terrorism on a global scale which is efficient but raises ethical questions. This legal system, according to Servan-Schreiber, is extraterritorial (e.g. it is generally applicable by US enforcement agencies to entities and individuals whether they are inside or outside US territory) and it could compel any individual or organization, for instance at the risk of losing a bank license, to “cooperate with American authorities “. In practice this means any individual or entity under suspicion have to prove their innocence and bear the costs of the discovery process. Usually this requires the hiring of specialized legal, audit and advisory firms and personnel which could be quite costly. As could be seen in recent cases this system is ruthlessly efficient to force large institutions to comply with US regulations. However when compared with traditional European legal systems, it raises ethical issues because it creates a somewhat Orwellian environment in which whistle blowing and corporate self-incrimination (in order to reach a settlement with US financial supervisors) are encouraged and, according to Servan-Schreiber, it unfairly promotes American geopolitical interests.

**Didier Duval**, who had worked in the French police for 27 years and was a commissioner (“controleur général”) in charge of the financial crimes unit before joining Credit Agricole 5 years ago, described the evolution of the French legal framework to fight terrorism financing . He pointed out that FATF (Financial Action Task Force in English, GAFI, Groupe d’Action Financiere Internationale, in French) was created further to the G7 Meeting “Sommet de l’Arche” and subsequent Agreement in 1989 as the supranational body in charge of fighting dirty money which, at the time, essentially meant funds derived from criminal activities such as narcotics or human trafficking. New laws and regulations were then issued, in France as in other countries, as there could be “no prosecution without legal basis” (“pas de poursuite sans texte”) and specialized and dedicated investigative and enforcement units were created. In 2002, further to the 9/11 attacks, the concept of financial crime was enlarged to include financial transactions linked to terrorist acts; FATF issued additional recommendations and new specialized units were created in the French legal and enforcement apparatus. Regulations currently in place rely on a close cooperation between private entities, mostly but not only banks, the “asujettis” in French legal terminology, and the government authorities to track potential terrorist threats: financial institutions and intermediaries (“asujettis”) have the obligation to report to Tracfin, the French Financial Intelligence Unit, transactions and clients which appear to be suspicious. Those reports (“declaration de soupçon” in French,

“Suspicious Activity Report, SAR” in English) are then used by Tracfin for its investigations and, when warranted, legal prosecution and enforcement. In order to comply with regulatory obligations banks rely on their staff, hence the need for training, as well as on sophisticated systems which can find among millions of transactions transfers or patterns which create alerts that are then further investigated and may lead to the preparation of a report. Duval pointed out that to be efficient the tracking and prevention of terrorism financing requires (1) a horizontal approach (“decloisonnement”) among specialized services; (2) a close cooperation between private (banks and financial intermediaries) and government sectors where communications, through reports and other means, should be encouraged both bottom up and top down; and (3) dedicated technical means that could track and detect potential terrorist threats at both the macro and micro levels, for instance filters and software that detect unusual and atypical activities.

**Dan Benisty**, Head of Compliance at Western Union France, explained that because his employer’s business is to handle fund transfers, most of them not backed by bank accounts, on a worldwide basis, it has to be particularly diligent in screening clients and transactions to be compliant with regulations applicable in all the 200 territories and countries in which it operates. Western Union handles 730 million transactions per year for an aggregate amount of \$85 billion; it has 147 million clients including 700 NGOs which require special attention. It has a total staff of about 10,000 of which 2,200 are dedicated to compliance work and more than 3.5% of its global revenues are spent on compliance. To fulfill its AML CFT mission, Western Union has a policy of close cooperation with supervisory authorities and has devised a structure with three complementary departments to identify, analyze and manage AML CFT threats; create analytics to define terror financing typologies; conduct dedicated intelligence analysis and investigations; establish post-transaction monitoring controls; develop dedicated training programs for staff and agents; work closely with enforcement authorities by cooperating with investigations and file reports whenever warranted. Special focus was put on the Foreign Fighter Terrorist issue and specific typologies were constructed incorporating specific characteristics and funding mechanisms. Algorithms are developed taking into account countries of origin or destination of the funds, age and sex, names and family relations among known parties, existence of alias names, frequency of transfers to/from individuals or patterns such as “one to many” or “many to one” which create alerts. Such algorithms are frequently verified, updated and discussed with supervising authorities so the system is constantly refined. NGOs represent special challenges as their workers tend to work in critical geographic areas. An efficient alert system thus should enable the compliance officer to differentiate between legitimate and potentially threatening transactions so that the reports sent to the supervisory authorities are as useful and exploitable as possible.

**Francois-Gilles LeTheule**, affiliate Professor (ESCP Europe) and Executive Director of Labex Refi, introduced members of the second panel focused on public policies and ways to improve an efficient cooperation between the private and public sectors as well as among different jurisdictions. Rick McDonnell, Director of ACAMS and former General Secretary of FATF-GAFI explained the structure and functions of FATF. He pointed out that, compared to other international bodies, it has the advantage of being a “task force” as opposed to an “organization” and has therefore fewer constraints and could move faster than traditional UN organizations. Established in 1989 at the outset of the G7 Paris Meeting, as an inter-governmental technical policy body, its original mandate was to devise ways to fight money laundering from drug trafficking. Its mission was enlarged in October 2001 to include terrorism financing and in 2012 to include the

financing of the proliferation of mass destruction weapons. FATF is thus the global standard-setter for compliance for those areas of illicit financial activity. Its mandate is reviewed every four years in plenary session by the competent ministers representing each of the member States. Currently FATF membership includes 195 countries as well as the European Commission and the Gulf Cooperation Council and 20 organizations with observer status including the United Nations, the International Monetary Fund, the World Bank and the Egmont Group of Financial Intelligence Units (such as FinCen for the United States or Tracfin for France); it has 9 regional bodies and its secretariat is in Paris. FATF issues Recommendations which constitute a corpus of “soft law” to be transposed into laws and regulations by each member State; those cover legal, financial, regulatory and law enforcement and cover matters such as risk assessment, policies and national coordination, preventing measures in the financial and other reporting sectors, transparency and beneficial ownership (sometimes referred to as KYC for Know Your Customer) requirements, powers and responsibilities of competent authorities and international cooperation. Beneficial ownership, as demonstrated by the recent press coverage of the “Panama papers” has become a particularly hot button. Next to the issuance of Recommendations, FATF has instituted a system of mutual evaluations conducted by multinational teams with stringent follow up mechanisms. It has proven to be quite useful to raise AML CFT standards as evaluation reports are discussed and then made public. FATF is well aware that detecting and repressing terrorism financing involves specific tools and challenges. In territories controlled by Daesh, it has established that terrorism is funded through banks’ looting, extortions, human trafficking, control and sale of gas and oil reserves, smuggling of art works, kidnapping for ransom and proceeds from religious charities. FATF published a special ISIL report and another one on terrorism financing in West Africa; FATF has regular meetings with the Coalition Counter ISIL Financing Group. To further improve the efficiency of global AML CFT policies a constant review of money and value transfer methods is necessary; greater integration between agencies fighting terrorism and the ones fighting terrorism financing would be helpful; closer cooperation with the private sector and academia would reduce the risks of bureaucratization (i. e working in silos) and help to create a more transversal and cost efficient approach. Finally regular reassessments of what constitute success in terms of prevention, detection and repression would foster international cooperation and lead to a safer world.

**Bruno Dalles** who heads Tracfin, the French FIU, and is a magistrate by training was the next speaker and joked that it was fitting he would talk after his “Dad” as Tracfin was in fact the French offspring of the FATF GAFI agreement. His agency was born from a decree signed on May 9, 1990 which also created a twin brother, the agency in charge of financial police and legal proceedings (Office Central de Lutte contre la Grande Delinquance Financiere, OCLDF) as Tracfin is strictly an intelligence gathering service. It operates, in the framework of the French legal system, by conducting investigations rather than relying on “big data” although it uses several techniques. Cases are analyzed using information stemming from SARs (“suspicious activity reports” in English, “declarations de soupçon” in French); 80 to 85% of such reports received come from financial institutions which are thus Tracfin’s main feeders. Its job thus is to collect, cross reference, analyze and transform the information received into actionable elements which are then relayed to the police, prosecutors, the military and possibly international partners and/or financial institutions. Dalles believes an efficient system requires the flows of information to circulate both bottom up and top down. Tracfin has no judicial powers but can compel through requisitions all economic entities to answer its questions and provide additional information to build up cases. Since



the private sector, mostly banks, is the main provider of information, partnerships and close cooperation are essential. Guidelines (“lignes directrices”) are thus prepared in cooperation with the financial industry and its supervising authority, ACPR, which publishes them. Although the guidelines are not meant to impose mandatory rules, they lead to better understanding of risks involved and a closer coordination among partners. Regarding the fight against terrorism, Tracfin’s mission is to detect financial flows that benefit jihadists. It thus needs to identify not only the origin of funds but their real destination and what they are used for. As amounts involved in conducting terrorist activities could be relatively small, the key is to identify the “collectors” of funds and through them the individuals who are potential threats. Financial intelligence is a useful tool in fighting terrorism not only because it could lead to the arrest of criminals but also because it brings to light relations between individuals and organizations which could become bigger threats. As terrorists use new payment systems, new surveillance systems need to be put in place. For instance, “Comptes Nickel” were created in France in February 2014 as easy to use “non banking accounts” opened by tobacconists and could be almost immediately used to transfer funds. Tracfin lobbied the French authorities and obtained the mandatory listing of such accounts in FICOBA which is a consolidated data base of all bank accounts in France; all transactions through “comptes Nickel” could now be tracked by Tracfin. It also had a key role in the creation of reinforced identification requirements for prepaid debit cards. While the efficiency of financial intelligence has improved much more needs to be done; for instance many institutions and professions (such as lawyers) are involved in money and value transfers and, according to Dalles, should be submitted to disclosure and transparency requirements. Finally in the current global environment, financial intelligence could only be accurate and useful if information could be freely and speedily exchanged among Financial Intelligence Units, FIUs. In France Tracfin is one of the 8 officially recognized national intelligence agencies and has thus access to the information the 7 other sister organizations collect. It is also an active member of the Egmont group whose members are the FIUs of FATF countries. It advocates for increased national and international exchanges of information among professional units which need to do a thorough investigative job, not only check a SARs database. Other forms of cooperation including joint investigations should also be encouraged. While challenges are substantial, Tracfin is ready to confront them and work its heart out.

**Marie Anne Barbat-Layani**, CEO of the French Banking Federation (FBF, Federation Bancaire Francaise) reminded the audience of the longstanding commitment of French banks to fight terrorism under all its forms; her federation regroups all 377 banks, including branches and subsidiaries of foreign institutions, which operate in France. This sector generates 370,000 jobs and loans outstanding of 2,089 billion euros. It takes its responsibilities very seriously and sent about 30,000 reports (SARs) to Tracfin in 2014, about 35% more than the previous year. Banks in France follow regulations derived from FATF recommendations, European directives and specific French regulations. France recently instituted harsher rules, for instance all transactions with an amount of 1,000 euros or more need to be traceable (cash payments are no more acceptable); cash deposits or withdrawals in excess of 10,000 euros per month and per customer are systematically reported to Tracfin; all banking accounts must be registered in a central database, FICOBA; and anyone who wants to buy or sell foreign currencies in excess of 1,000 euros must show proper identification. In the fight against terrorism financing, banks are required to identify not only the origin of the funds they handle but also their destination and intended usage; this presents specific challenges as the transactions amounts

could be small and the number of transactions involved high; terrorism could be financed by “clean money” and apparently legitimate forms of financing such as consumer loans, crowd funding, participative financing, real estate loans could be used for criminal purposes. Terrorists have some characteristics which have been analyzed by FATF as well as the European Commission which issued on February 2nd a statement recommending specific controls to be transposed into laws and regulations by member States. In France a new bill to reinforce regulations to fight terrorism is currently being discussed by the Senate and the National Assembly; it will require proper identification, regardless of the amounts involved, for any usage of prepaid debit cards. It will also allow Tracfin to flag to the banks entities of special interest that require enhanced surveillance. This top down approach is somewhat new as until now banks only reported to Tracfin in a bottom up flow of information and their policy was frequently to close immediately any account which could be a source of concerns. Tracfin will have the power to ask the banks to maintain open the accounts of suspicious individuals or entities. While the new regulations may increase the efficiency of the fight against terrorism financing, banks must be protected against the possibility of being sued and the targets and scope of Tracfin’s requests will have to be defined as precisely as possible. The ongoing exchange of information and close cooperation with Tracfin and financial supervisors will be key factors to successfully implement the new measures. Barbat-Layani advocates for an ambitious plan of action at the European and international levels, an enlarged scope of the entities subject to surveillance which, for instance, currently does not include certain types of funds collectors and transmitters (“agregateurs”) and the extension of reporting requirements to entities outside the financial sector, such as social media operators, of which the role in terrorism activities has been established.

**Christian de Boissieu**, Chairman of Scientific Council, Labex ReFi, Professor of Economics and the University of Paris I and College of Europe and member of the Autorité des Marchés Financiers, AMF, (French equivalent of the American SEC) provided the concluding remarks. All speakers agreed that tracking terrorism financing is more complex than money laundering. Systems that are being put in place improve efficiency but some gaping holes need to be plugged:

- Relationships between micro and macro financing of terrorism need to be further studied; for instance what is the exact role(s) of some States, in the Gulf in particular, that at the same time profess to combat terrorism and provide through charities or otherwise financing and safe harbor to terrorists?
- What are the non-regulated mechanisms which are used for terrorism financing? Should practices such as the African tontine (a combination of participative funding and lottery), crowd funding through internet or some forms of real estate financing be better monitored by financial supervisors?
- The extraterritorial reach of American regulations and enforcement is explained by the dominance of the dollar, which represents 60% of the world monetary reserves (compared to 22% for the euro), and the absence of meaningful enforcement in other jurisdictions. But it raises sovereignty issues and could induce systemic problems, as was recently the case in Andorra, and gives an unfair advantage to American geopolitical interests. A more federal approach at the European level would be helpful to alleviate this problem.
- The Recommendations of FATF, which is the cornerstone of the fight against terrorism financing, could be supplemented by more direct bilateral instruments. OECD for instance has signed with a number of countries MOUs (Memoranda Of

Understanding) which helped to reduce corruption. A similar approach should be applicable to the fight against terrorism financing.

- Some electronic platforms may present new threats. For instance it was established that FX binary trading and sports betting platforms which are aggressively advertised could be used to fund illegal activities. A dialogue between financial supervisors and operators and sports authorities would better clarify the potential risks. As has already been the case in Belgium, regulators should consider the prohibition of platforms which could hide unacceptable potential threats.

- Lack of a global enforcement system. International cooperation is clearly required to efficiently fight a global threat such as terrorism financing. The Recommendations issued by FATF and other supranational organizations constitute a soft law which is the groundwork of international financial supervision. Yet there is no enforcement mechanism at the international level. There is still no coherent European position regarding enforcement and in practice a number of countries simply ignore international regulations. While a safer environment could only appear if soft law becomes "hard" law, we must be prepared to live in a dangerous world.

The conference ended with a reception offered by the sponsors. Participants certainly learned a lot about terrorism financing and the challenges it raises for financial institutions and supervising authorities. They also can fathom the improvements needed to be reassured.



## Focus on LabEx ReFi & Stony Brook Summer school

### SUMMER SCHOOL COMPARATIVE US AND EUROPEAN FINANCIAL REGULATION

NEW YORK CITY 7-9 SEP 2016



Stony Brook University and the Laboratory of Excellence on Financial Regulation (Labex ReFi, University Paris 1-Sorbonne, ESCP-Europe) organized a summer school (a sequence of mini-courses) that addressed questions of comparative US and European financial regulation.

### Prestigious Speakers Faculty

1. John P. Drohan, president ACI-FMA
2. Jonathan Halpern, former US Federal Prosecutor, Southern District of New York
3. Christian de Boissieu, Autorité des Marchés Financiers
4. Shyam Sunder, Yale School of Management
5. Nasser Saber, author of "Speculative Capital"
6. Julia Friedlander, Senior Policy Advisor, US Department of the Treasury (To be confirmed)

### Hear about

1. Market Discipline and Volcker vs Vickers
2. UCITS IV vs. DFA and 1940 Invest Advisors Act
3. Solvency II, Basel III
4. MIFID, ESMA, etc.
5. Bank Governance & Enforcement
6. Collateral and Margining
7. Exchange of Data, Extraterritoriality

## Website and Contact

Website: <http://www.financialregulation2016.com/>

Contact: Laurie Dalessio [laurie.dalessio@stonybrook.edu](mailto:laurie.dalessio@stonybrook.edu) Tel. : +1 (631) 632 9125

Main organizer: Prof. Raphael Douady [raphael.douady@stonybrook.edu](mailto:raphael.douady@stonybrook.edu)

## Partner Event

This event was followed by a two-day conference on "Quantitative Methods for Financial Regulation" on September 10-11, 2016 at Stony Brook University, which covered quantitative and mathematical finance questions raised by the recent development of Financial Regulation.

## 11. Research seminars and workshops in 2016

### Labex Research Seminar, ReFi series

**Table 13. Labex Research Seminar, ReFi series, Fall 2016 – Spring 2017**

Year	Date	Speaker	Affiliated Institution of Guest Speaker	Topic/title of the paper
2017	March 31, 2017	<b>Clifford Holderness</b>	<b>Boston College</b>	“Equity Issuances and Agency Costs: The Telling Story of Shareholder Approval around the World”
2017	March 23, 2017	<b>Takashi Shibata</b>	<b>Tokyo University</b>	Investment timing, collateral, financing constraints
2017	March 14, 2017	<b>Yukio Muromachi</b>	<b>Tokyo University</b>	Initial margin valuation adjustment made simple
2017	March 10, 2017	<b>Christophe Pérignon</b>	<b>HEC Paris</b>	Pitfalls in Systemic-Risk Scoring
2017	March 3, 2017	<b>Jennifer Arlen</b>	<b>New York University</b>	Does conviction matter? The reputational and collateral effects of corporate crime.
2017	February 24, 2017	<b>Olivier Guéant</b>	<b>Université Paris 1 Panthéon Sorbonne</b>	The Behavior of Dealers and Clients on the European Corporate Bond Market: the Case of Multi-Dealer-to-Client Platforms
2017	February 10, 2017	<b>Alain Coën</b>	<b>ESG-UQÀM, University of Quebec in Montreal</b>	Real Estate as a Common Risk Factor in Bank Stocks
2017	February 3, 2017	<b>Marius A. Zoican</b>	<b>Université Paris Dauphine</b>	Smart' Settlement
2017	January 27, 2017	<b>Thomas Lambert</b>	<b>Rotterdam School of Management, Erasmus</b>	Lobbying on Regulatory Enforcement Actions: Evidence from Banking
2017	January 20, 2017	<b>Laetitia Lepetit</b>	<b>Université de Limoges</b>	Reducing agency conflict between bank stakeholders: the role of independent-but-related directors
2017	January 13, 2017	<b>Emmanuelle Nègre (Montpellier) et Marie-Anne Verdier (Toulouse)</b>	<b>Université de Montpellier</b>	Disclosure strategies and investor reactions to downsizing announcements: a legitimacy perspective

<b>Year</b>	<b>Date</b>	<b>Speaker</b>	<b>Affiliated Institution of Guest Speaker</b>	<b>Topic/title of the paper</b>
<b>2016</b>	December 14, 2016	<b>Patrick Bolton</b>	<b>Columbia University</b>	<b>“Investment under Uncertainty and Financial Constraints”</b>
<b>2016</b>	November 25, 2016	<b>Eric Barthalon</b>	<b>Allianz, Head of Capital Markets</b>	<b>Uncertainty, Expectations and Financial Instability</b>
<b>2016</b>	November 18, 2016	<b>Simone Sepe</b>	<b>Arizona University</b>	<b>The Value of the Shareholder Right</b>
<b>2016</b>	October 28, 2016	<b>Hideki Kanda</b>	<b>Tokyo University</b>	<b>Central Banking in Japan</b>
<b>2016</b>	October 6, 2016	<b>Anjan Thakor</b>	<b>Washington University</b>	<b>Warehouse Banking</b>
<b>2016</b>	September 27, 2016	<b>Lars Norden</b>	<b>Brazilian School of Public and Business Administration</b>	<b>Why banks want to be complex</b>

**Table 14. Labex Research Seminar, ReFi series, Fall 2015 – Spring 2016**

<b>Year</b>	<b>Date</b>	<b>Speaker</b>	<b>Affiliated Institution of Guest Speaker</b>	<b>Topic/title of the paper</b>
2016	May 27, 2016	<b>Alberta Di Giuli</b> <b>Paul A. Laux</b>	<b>ESCP Europe</b> <b>University of Delaware</b> <b>- Alfred Lerner College</b> <b>of Business and</b> <b>Economics</b>	Board Members' Media Connections and Access to Financing
2016	April 15, 2016	<b>Anthony Bellofatto</b>	<b>Université Catholique de Louvain)</b>	Are MiFID tests informative? A look at financial literacy
2016	March 11, 2016	<b>Franklin Allen</b>	<b>Imperial College and the Wharton School (University of Pennsylvania)</b>	Moral hazard and Government Guarantees in the Banking Industry
2016	January 14, 2016	<b>Martien Lamers</b>	<b>University of Groningen</b>	Depositor Discipline and Bank Failure in Local Markets during the Financial Crisis
2015	December 4, 2015	<b>Viral Acharya</b>	<b>NYU Stern</b>	The Real Effects of the Sovereign Debt Crisis in Europe and European Central Bank Actions
2015	November 19, 2015	<b>Oana Peia</b>	<b>ESSEC</b>	Banking Crises, R&D Investments and Slow Recoveries
2015	October 16, 2015	<b>Sergio Gaspar</b>	<b>INSEAD</b>	Internal Communication and Performance in Banking Organizations

## Labex Research Seminar, Law & Finance series

The Labex ReFi has launched a regular interdisciplinary seminar dedicated to Law and Finance issues, created and organized by professors Gerard Hertig (ETH Zurich), Christophe Moussu (ESCP Europe) and Alain Pietrancosta (Sorbonne Law School – University of Paris 1). Professors from prestigious universities are invited to discuss issues related to financial regulation from different perspectives, namely Law and Finance. This seminar has been designed for PhD candidates and Masters students to deepen their understanding of major concepts and challenges related to financial regulation.

**Table 15. Research Seminar, Law & Finance series, Fall 2016 – Spring 2017**

Date	Speaker	Affiliated Institution of Guest Speaker	Topic/title of the paper
March 2, 2017	Jennifer Arlen	NYU (law)	Corporate Criminal Liability: Theory and Evidence
March 30, 2017	Clifford Holderness	Boston College (finance)	The Allocation of Corporate Power between Shareholders and Managers
May 18, 2017	Merritt Fox	Columbia (law)	The New Stock Market: Sense and Nonsense
Date	Speaker	Affiliated Institution of Guest Speaker	Topic/title of the paper
October 6, 2016	Anjan Thakor	Washington University in St. Louis	Corporate Culture in Banking
October 27, 2016	Hideki Kanda, Tokyo (law)	Emeritus Professor, University of Tokyo and Professor, Gakushuin University, Japan,	« A Trust for Commercial Use in Japan: An Unexpected Winner in the Race among Organizational Forms »
November 17, 2016	Simone Sepe	Arizona and TSE	Commitment and Entrenchment in Corporate Governance
December 15, 2016	Patrick Bolton	Columbia (finance)	The End of the “Modern Corporation”: Deregulation and Ownership of Electric Utilities

**Table 16. Research Seminar, Law & Finance series, Fall 2015 – Spring 2016**

<b>Year</b>	<b>Date</b>	<b>Speaker</b>	<b>Affiliated Institution of Guest Speaker</b>	<b>Topic/title of the paper</b>
2016	May 26, 2016	<b>Jeffrey Gordon, Columbia (law)</b>	<b>Columbia University</b>	Benefit-Cost Analysis in Financial Regulation
2016	March 10, 2016	<b>Franklin Allen</b>	<b>Imperial College and the Wharton School (University of Pennsylvania)</b>	Financial Connections and Systemic Risk
2015	December 3, 2015	<b>Viral Acharya</b>	<b>NYU Stern</b>	Infrastructure Financing
2015	November 19, 2015	<b>Kathryn Judge</b>	<b>Columbia University</b>	Shadow Banking
2015	September 17, 2015	<b>John C. Coffee</b>	<b>Columbia University</b>	Hedge Fund Activism

## Labex Research Seminar, PhD series

Table 17. Research Seminar, PhD series, 2015 –2016

Date	Speaker	Affiliated Institution of Guest Speaker	Topic
jeudi 19 novembre 2015	<b>Oana Peia</b>	<b>ESSEC</b>	Banking crises, R&D investment and slow recoveries
jeudi 19 novembre 2015	<b>Talis J. Putnins</b>	<b>University of Sydney</b>	Welfare Costs of Informed Trade
mercredi 12 octobre 2016	<b>Shohruh Miryusupov</b>	<b>LabeX Refi/ UP1</b>	CVA Computation through Monte Carlo Particle
mercredi 12 octobre 2016	<b>Clément Goulet</b>	<b>LabEx ReFi/UP1</b>	Modelling the Lead-Lag Effect through Variational Regression
mercredi 9 novembre 2016	<b>Antoine Kornbprost</b>	<b>LabEx ReFi/UP1</b>	Winning Investment Strategies Based on Financial Crisis Indicators
mercredi 9 novembre 2016	<b>Julien Pinter</b>	<b>UP1/ Amsterdam University</b>	The eurozone deposit rates's puzzle : choosing the right benchmark



## Labex Research Seminar, Ethics & Finance series

Table 18. Research Seminar, Ethics & finance series, Fall 2016 – Spring 2017

DATE	Speaker	Affiliated institution of guest speaker	TOPIC
October 12, 2016	<b>Prof. Dr. Mohd Ma'Sum Billah (KAU)</b>	<b>King Abdulaziz University de Djeddah - Economics Islamic Institute</b>	"Emergence of Sovereign Sukuk towards eco-Sustainability and Development"
September 21, 2016	<b>Pierre-Charles Pradier</b>	<b>Chaire éthique et normes de la finance - Paris 1 Panthéon-Sorbonne et King Abdulaziz University de Djeddah - Economics Islamic Institute</b>	"How fair is gambling?"
May 11, 2016	<b>Dr. Necati Aydin (KAU)</b>	<b>King Abdulaziz University de Djeddah - Economics Islamic Institute</b>	"Islamic versus Conventional Human Development Index: Empirical evidence from ten Muslim countries"
April 13, 2016	<b>Mohd Ma'Sum Billah (KAU)</b>	<b>King Abdulaziz University de Djeddah - Economics Islamic Institute</b>	"Petroleum Trade Financing: The Shariah Postulate"
February 10, 2016	<b>Philippe Gillet (Paris 11)</b>	<b>Chaire éthique et normes de la finance - Paris 1 - Panthéon-Sorbonne</b>	"Are Ethical Funds More Resistant to Crisis than Conventional funds?"

**Table 19. Research Seminar, Ethics & finance series, 2015**

<b>DATE</b>	<b>Speaker</b>	<b>Affiliated institution of guest speaker</b>	<b>TOPIC</b>
December 9, 2015	Ben Dyson (Positive Money)	King Abdulaziz University de Djeddah - Economics Islamic Institute	Addressing the Global Debt Crisis through Sovereign Money
November 19, 2015	Nicholas Foster (S.O.A.S University of London)	Chaire éthique et normes de la finance - Paris 1 - Panthéon-Sorbonne	Launching ceremny of Amel Malkhouf's book " L'émergence d'un droit international de la finance islamique : origine, formation et intégration en droit français "
November 4, 2015	Mehdi El-Harrak (Paris 1)	Chaire éthique et normes de la finance -Paris 1 - Panthéon-Sorbonne	The new dark side of international trade - Compensating foreign contracts to encourage national development
October 14, 2015	Dr. Ahmed Belouafi (KAU)	King Abdulaziz University de Djeddah - Economics Islamic Institute	Towards A Sovereign Monetary System
September 10, 2015	Munawar Iqbal (KAU) et Pierre-Charles Pradier (Paris 1)	Chaire éthique et normes de la finance - Paris 1 Panthéon-Sorbonne et King Abdulaziz University de Djeddah - Economics Islamic Institute	Insurance and Takaful: A Comparative Assessment
June 10, 2015	Cécile Renouard (ESSEC Iréné)	Chaire éthique et normes de la finance - Paris 1 Panthéon-Sorbonne	The Ethical Responsibility of Multinational Firms
May 8, 2015	Marie-Anne Valfort (Paris 1)	Chaire éthique et normes de la finance - Paris 1 Panthéon-Sorbonne	Religious discrimination in the French labour market
April 9, 2015	Abdul Azim Islahi (KAU)	King Abdulaziz University de Djeddah - Economics Islamic Institute	The Genesis of Islamic Economics
March 11, 2015	Anass Patel (570 Asset Management)	Chaire éthique et normes de la finance Paris1 Panthéon-Sorbonne	Channeling Asset-Managed Sukuk towards SMEs financing: Sukuk Mudaraba prototype applied to a French SME
February 11, 2015	Ahmed Belouafi et Abderrazak Belabes (KAU)	King Abdulaziz University de Djeddah - Economics Islamic Institute	Research Trends on Zakat in the Western Literature
January 20, 2015	Abderrazak BELABES (KAU)	King Abdulaziz University de Djeddah - Economics Islamic Institute	"An Inquiry on an Initiative to Create a Bank by Muslim Entrepreneurs in St. Petersburg in the Early Twentieth Century"

## Workshops

Table 20. List of workshops, Fall 2015 – Spring 2016

	<b>Workshop</b>	<b>Partners</b>	<b>Host institution</b>	<b>Principal Supervisors</b>
June	<b>Finance PhD Workshop</b>	ESCP Europe, Sorbonne University Paris1, HEC Paris, INSEAD	ESCP Europe	Sérgio GASPAR Postdoctoral Researcher – Labex ReFi / ESCP
March	<b>Workshop on Bank Taxation</b>	ESCP Europe, Sorbonne Paris1	ESCP Europe	Gunther Capelle-Blancard
February	<b>CCP recovery and resolution</b>	PRISM, Sorbonne University Paris1	PRISM, Sorbonne University Paris2	Jean-Paul Laurent

## 12. Breakfast debate LabEx ReFi & EIFR in 2016

**Table 21. Breakfast debate Labex & EIFR, 2016**

Date	Speaker	Affiliated Institution of Guest Speaker	Topic/title of the paper
14/12/2016	<b>Christian de Boissieu</b>	<b>Professor, Emeritus Professor, Professor at the College of Europe (Bruges) and at the Catholic University of Lille.</b>	Régulation et finance au service de l'économie réelle
02/12/2016	<b>Marielle Cohen-Branche</b>	<b>Médiateur de l'AMF</b>	La médiation financière : les défis d'une nouvelle articulation et les leçons du terrain ?
25/11/2016	<b>Alain Piétrancosta</b>	<b>University Paris 1 Panthéon – Sorbonne</b>	Mieux légiférer en droit financier: propositions du Haut Comité Juridique de la Place de Paris avec
09/11/2016	<b>Christian Schmidt</b>	<b>professeur émérite de l'Université Paris-Dauphine et président de l'Association européenne de Neuroéconomie</b>	Risques financiers : vers une approche neuronale ?
03/11/2016	<b>Jean-Paul Laurent</b>	<b>University Paris 1 Panthéon – Sorbonne (PRISM – Sorbonne)</b>	Market Risk and capital requirements: a hide and seek game
13/10/2016	<b>Gonzalo Gasós</b>	<b>Head of Banking Supervision at the EBF</b>	Basel IV: a disruptive equation
28/09/2016	<b>John Berrigan</b>	<b>Deputy Director General of FISMA</b>	« Call for Evidence »: lessons & actions
23/09/2016	<b>Isabelle VAILLANT</b>	<b>EBA</b>	EBA : Les défis d'une régulation prudentielle équilibrée
16/09/2016	<b>Cyril Roux Gerard Rameix</b>	<b>Harvard AMF</b>	Shadow Banking : Constats et Défis partagés Irlande-France
07/06/2016	<b>Alexandre Garel &amp; Arthur Petit-Romec</b>	<b>Escp Europe</b>	Horizon d'investissement des actionnaires: quel impact pour les entreprises cotées ?
13/05/2016	<b>Christophe CARESCHE</b>	<b>Assemblée Nationale</b>	L'Europe : aussi un défi pour les élus nationaux !
11/05/2016	<b>Jacques DELMAS-MARSALET</b>	<b>Haut Comité Juridique de la Place Financière de Paris</b>	Monopole Bancaire : propositions du Haut Comité Juridique de la Place de Paris
13/04/2016	<b>Steve Ohana</b>	<b>ESCP EUROPE</b>	Matières premières : volatilité et régulation

<b>Date</b>	<b>Speaker</b>	<b>Affiliated Institution of Guest Speaker</b>	<b>Topic/title of the paper</b>
17/03/2016	<b>Jean-Marc Israël</b>	<b>BCE</b>	BCE et Reporting : Comment « faciliter » ?
15/03/2016	<b>M. Christian de Perthuis</b>	<b>Professeur d'économie à l'université Paris-Dauphine</b>	Quelles régulations pour tarifer le carbone à la suite de la COP-21 ?
10/03/2016	<b>Lei Zhao</b>	<b>ESCP EUROPE</b>	Implicit Government Guarantees in Financial Institutions: new measures & issues
19/02/2016	<b>Pervenche Berès</b>	<b>Députée européenne</b>	L'Union des marchés des capitaux : le nouvel horizon européen ? avec
04/02/2016	<b>Jean-Jacques PLUCHART &amp; Constantin MELLIOS &amp; Eric LAMARQUE</b>	<b>University Paris 1 Panthéon – Sorbonne (PRISM – Sorbonne)</b>	Le shadow banking peut-il soutenir le développement économique ?
28/01/2016	<b>Gaël GIRAUD</b>	<b>Economiste en chef de l'Agence Française de Développement (AFD), Membre du LabexRefi</b>	Making the European Banking Union Macro-Economically Resilient: Cost of Non-Europe Report
25/01/2016	<b>Alain Lamassoure</b>	<b>Ancien ministre, Député européen, président de la délégation française du Groupe PPE</b>	L'Europe : trop d'argent, trop peu de croissance

## 13. Publications in peer reviewed journals in 2016

Table 22. List of publications in peer reviewed journals in 2016

Labex Author	Title and publication details	Journal	Journal Rank (Labex ranking)
Fouquau Julien	Delatte, A.L., Fouquau J. (Labex ReFi), and R. Portes (2016), "Regime-Dependent Sovereign Risk Pricing During the Euro Crisis", <b><u>Review of Finance</u></b>	<b>Review of Finance</b>	1
Capelle-Blancard G., Havrylchuk, O.	Capelle-Blancard G. (Labex ReFi) and Havrylchuk, O. (Labex ReFi) (2016). "Incidence of bank levy and bank market power", <b><u>Review of Finance</u></b>	<b>Review of Finance</b>	1
Kahalé Nabil	Kahalé Nabil (Labex ReFi) (2016) , "Model-independent lower bound on variance swaps", <b><u>Mathematical Finance</u></b> 26(4): 939-961	<b>Mathematical Finance</b>	1
Kahalé Nabil	Kahalé Nabil (Labex ReFi),(forthcoming) ," Super-Replication of Financial Derivatives Via Convex Programming", <b><u>Management Science</u></b>	<b>Management Science</b>	1
Laurent Jean-Paul, Michael Sestier, Stéphane Thomas	Laurent Jean-Paul (Labex ReFi), Michael Sestier (Labex ReFi), and Stéphane Thomas (Labex ReFi). Trading book and credit risk: How fundamental is the Basel review? <b><u>Journal of Banking and Finance</u></b> , Vol 73, pp,211-223	<b>Journal of Banking and Finance</b>	1
Mellios Constantin	Mellios C., Six P. and Lai A. (2016), « Dynamic speculation and hedging in commodity futures Markets », <b><u>European Journal of Operational Research</u></b> , (AERES A, CNRS 1), 250, 493-504.	<b>European Journal of Operational Research</b>	1
Moussu Christophe, Ohana Steve	Moussu Christophe (Labex ReFi), Ohana Steve (Labex ReFi) (2016), «Do Leveraged Companies Underinvest in CSR? Evidence from Health and Safety Programs in U.S. Firms», <b><u>Journal of Business Ethics</u></b> , Volume 135, (4), pp 715–729.	<b>Journal of Business Ethics</b>	1
Capelle-Blancard G.	Capelle-Blancard G. (Labex ReFi), (2016), The abolition of the "Impôt sur les opérations de bourse" did not foster the French stock market", <b><u>Finance Research Letters</u></b> , 17, 257-266.	<b>Finance Research Letters</b>	2
DAMBRIN, Claire	Dambrin C. (Labex ReFi), C. Spence, C. Carter, A. Belal, J. Husillos, and P. Archel (2016), "Tracking habitus across a transnational professional field", <b><u>Work, Employment and Society</u></b> , 30/1: 3-20 (cat. 1 at ESCP Europe)	<b>Work, Employment and Society</b>	2
DAMBRIN, Claire	Dambrin C. (Labex ReFi) and C. Lambert (2016), Beauty or not beauty: Making up the producer of popular culture, <b><u>Management Accounting Research</u></b>	<b>Management Accounting Research</b>	2

Labex Author	Title and publication details	Journal	Journal Rank (Labex ranking)
Guégan Dominique	Garcin M. , Guégan D.(Labex ReFi), (2016), "Wavelet shrinkage of a noisy dynamical system with non-linear noise impact", <b><u>Physica D: Nonlinear Phenomena</u></b> , 325, 126 – 145	<b>Physica D: Nonlinear Phenomena</b>	2
Loutia Amine, Mellios Constantin and Andriosopoulos Kostas	Loutia A., Mellios C. and Andriosopoulos K. (2016), "Do OPEC Announcements Influence Oil Prices?", <b><u>Energy Policy</u></b> , (AERES A, CNRS 2), 90, 262-272.	<b>Energy Policy</b>	2
Mellios Constantin	Mellios C. and Lai A. (2016), « Valuation of Commodity Derivatives with an Unobservable Convenience Yield», <b><u>Computers and Operations Research</u></b> , (AERES A, CNRS 2), 250, 493-504.	<b>Computers and Operations Research</b>	2
Pinter Julien	Pinter Julien (Labex ReFi), Charles Boissel, (2016), "The Eurozone deposit rates' puzzle: Choosing the right benchmark", <b><u>Economics Letters</u></b> , Volume 148, November 2016, Pages 33-36.	<b>Economics Letters</b>	2
Bancel Franck; Laurent Salé	Bancel F. (Labex ReFi) and Salé L. (Labex ReFi), (2016), "Basel III and Bank Liquidity Creation", <b><u>Bankers, Markets &amp; Investors</u></b> 143, 2-10.	<b>Bankers, Markets &amp; Investors</b>	3
Coupey-Soubeyran Jézabel	Coupey-Soubeyran Jézabel (Labex ReFi), "Taux négatif : arme de poing ou signal de détresse ? ", <b><u>Revue d'économie financière</u></b> n°121	<b>Revue d'économie financière</b>	3
Coupey-Soubeyran Jézabel; Salim Dehmej	Coupey-Soubeyran Jézabel (Labex ReFi), Salim Dehmej (Labex ReFi), (2016) ,"Pour une combinaison politique monétaire / politique macroprudentielle au service de la stabilité économique et financière de la zone euro", <b><u>Revue d'économie politique</u></b> , 2016/1 (Vol. 126)	<b>Revue d'économie politique</b>	3
Arnould Guillaume ; Salim Dehmej	Arnould G.(Labex ReFi), Dehmej S.(Labex ReFi), 2016, "Is the European banking system more robust. An evaluation through the lens of the ECB's Comprehensive Assessment", <b><u>International Economics</u></b> , Volume 147, October 2016, Pages 126–144	<b>International Economics</b>	4
Billio Monica	Ahelegbey, D.F., M. Billio (Labex ReFi) and R. Casarin (forthcoming), "Sparse Graphical Vector Autoregression: A Bayesian Approach", forthcoming <b><u>Annals of Economics and Statistics</u></b> , pp. 333-361	<b>Annals of Economics and Statistics</b>	4
Billio Monica	Billio M. (Labex ReFi), R. Casarin, F. Ravazzolo and H.K. van Dijk (2016), "Interconnections between Eurozone and US booms and busts using a Bayesian Panel Markov-Switching VAR model", forthcoming <b><u>Journal of Applied Econometrics</u></b> , volume 31 , Pages 1352–1370	<b>Journal of Applied Econometrics</b>	4

Labex Author	Title and publication details	Journal	Journal Rank (Labex ranking)
Billio Monica	Billio M. (Labex ReFi) , R. Casarin and A. Osuntuyi (2016), "Efficient Gibbs Sampling for Markov Switching GARCH Models", <b><u>Computational Statistics and Data Analysis</u></b> , 100, 37-57	<b>Computational Statistics and Data Analysis</b>	4
Billio Monica	Billio M. (Labex ReFi), L. Frattarolo and L. Pelizzon (2016), "Hedge Fund Tail Risk: An investigation in stressed markets", <b><u>Journal of Alternative Investments</u></b> , 18/4, 109-124	<b>Journal of Alternative Investments</b>	4
Billio Monica	Ahelegbey, D.F., M. Billio (Labex ReFi) and R. Casarin (2016), "Bayesian Graphical Models for Structural Vector Autoregressive Processes", <b><u>Journal of Applied Econometrics</u></b> , 31, 357-386.	<b>Journal of Applied Econometrics</b>	4
Biondi Yuri	Biondi Y. (Labex ReFi), (2016),"The HM 'Treasure's Island': The Application of Accruals-based Accounting Standards in the UK Government". <b><u>Accounting in Europe</u></b> , Volume 13, Issue 1, 2016.	<b>Accounting in Europe</b>	4
Biondi Yuri	Biondi Y. (Labex ReFi), (2016), "Public debt accounting and management in UK: Refunding or Refinancing? Or, the Strange Case of Doctor Jekyll and Mr Hyde in the aftermath of the Global Financial Crisi"s, <b><u>Accounting Forum</u></b> , Volume 40, Issue 2, June 2016, Pages 89–105	<b>Accounting Forum</b>	4
Biondi Yuri	Biondi Y. (Labex ReFi),(forthcoming),"Accounting representations of public debt and deficits in European central government accounts: An exploration of anomalies and contradictions", <b><u>Accounting Forum</u></b> , volume 40, Pages 205–219	<b>Accounting Forum</b>	4
Biondi Yuri	Biondi Y. (Labex ReFi), (2016), "Empowering Market-Based Finance: A Note on Bank Bailouts in the Aftermath of the North Atlantic Financial Crisis of 2007", <b><u>Accounting, Economics and Law: A Convivium</u></b> . Volume 6, Issue 1, February, Pages 79–84	<b>Accounting, Economics and Law: A Convivium</b>	4
Chorro Christophe	Chorro C. (Labex ReFi), (2016), "A Simple Probabilistic Approach of the Yard-Sale Model", <b><u>Statistics and Probability letters</u></b> , 112, 35-40	<b>Statistics and Probability letters</b>	4
Garel Alexandre	Garel A. (Labex ReFi) (forthcoming), "When ownership structure matters: A review of the effects of investor horizon on corporate policies", <b><u>Journal of Economic Surveys</u></b>	<b>Journal of Economic Surveys</b>	4
Guégan Dominique	P. O. Cisse, A. K. Diongue, D. Guégan (Labex ReFi), (2016), "Statistical properties of the Seasonal Fractionally Integrated Separable Spatial Autoregressive Model", <b><u>Afrika Statistika</u></b> , 11 (1), 901-922	<b>Afrika Statistika</b>	4



Labex Author	Title and publication details	Journal	Journal Rank (Labex ranking)
Gunther Capelle	Capelle-Blancard G. (Labex ReFi) & A. Petit , "The weighting of CSR dimensions: one size does not fit all", <b><u>Business &amp; Society</u></b> .	<b>Business and Society</b>	4
Gunther Capelle	Capelle-Blancard G. (Labex ReFi) & O. Havrylchyk (Labex ReFi), (2016), "The impact of the French securities transaction tax on market liquidity and volatility, <b><u>International Review of Financial Analysis</u></b> ", 47, 166-178.	<b>International Review of Financial Analysis</b>	4
Gunther Capelle	Capelle-Blancard G. (Labex ReFi) & C. Labonne, (2016), "More bankers, more growth? Evidence from OECD countries", <b><u>Economic Notes</u></b> , 45(1), 37-51.	<b>Economic Notes</b>	4
Hassani Bertrand	Hassani B. (Labex ReFi) & Mitic P.,(2016),"Shapley Allocation the effect of Services on Diversification" , <b><u>Journal of Business and Economics</u></b> , Vol. 7, No.3, 482-495	<b>Journal of Business and Economics</b>	4
Moretti Luigi	Coviello D., L. MORETTI (Labex ReFi) , G. Spagnolo, and P. Valbonesi,(forthcoming), "Court Efficiency and Procurement Performance", <b><u>Scandinavian Journal of Economics</u></b> , forthcoming (accepted for publication)	<b>Scandinavian Journal of Economics</b>	4
Moretti Luigi	Costalli S., L. MORETTI (Labex ReFi), and C. Pischedda, (forthcoming) "The Economic Costs of Civil War: Synthetic Counterfactual Evidence and the Effects of Ethnic Fractionalization", <b><u>Journal of Peace Research</u></b> , forthcoming (accepted for publication)	<b>Journal of Peace Research</b>	4
Troege Michael	Trøge M. (Labex ReFi), Amir R, Jin JY. (2016), "Free trade versus autarky under asymmetric Cournot oligopoly. <b><u>International Economics</u></b> , vol 25, no. 1, pp. 98-107	<b>International Economics</b>	4
Troege Michael	Trøge M. (Labex ReFi), R. Amir, J. Jin and G. Pech,(2016), "Prices and Deadweight Loss in Multi-Product Monopoly", <b><u>Journal of Public Economic Theory</u></b> , 18, (3): 21–16.	<b>Journal of Public Economic Theory</b>	4
Vitting Andersen Jorgen	Bellenzier Lucia, Jørgen Vitting Andersen (Labex ReFi), Giulia Rotundo, (2016), "Contagion in the world's stock exchanges seen as a set of coupled oscillators", <b><u>Economic Modelling</u></b> , Volume 59, December 2016, Pages 224-236	<b>Economic Modelling</b>	4

## 14. List of ongoing research projects

**Research axis 1:** “Financial Information and Accounting Regulation (FIAR)”,  
supervisor: Yuri Biondi

Yuri Biondi and Simone Righi. **Financial System Dynamics and Regulation**

Hoarau C. et Bon-Michel B.. **"Influence of prudential regulation on banking business "**

Veryzhenko Leboeuf **"A regulation of high frequency trading"**

**Research axis 2:** “Finance and Society”, supervisor: Christophe Moussu

Bancel Frank and Reuter Charles-Henri. **"Does financial academic research care about  
"ethics"?"**

BUNKANWANICHA Pramuan, GUPTA Jyoti and WIWATTANAKANTANG Yupana.  
**"Pyramidal Group Structure and Bank Risk"**

Capelle-Blancard Gunther (1/2). **"Bank taxation"**

Capelle-Blancard Gunther (2/2). **"The impact of Financial Transaction Tax"**

Collet Stéphanie. **"Sovereign debt: a broad and long-term empirical perspective"**

Di Giuli Alberta. **"Pollution and Firm Value"**

Fouquau J., Delatte A.L and Portes R. (1/2). **"Nonlinearities in sovereign risk pricing: the  
role of CDS index contracts"**

Fouquau J. and Kharoubi C. (2/2). **"The Interest of the diversification"**

Garel Alexandre. **"The Real Effect of Stock-Market Pricing: Are Myopically Priced Firms  
Managed Myopically"**

Garel Alexandre and Petit-Romec Arthur. **"Bank Capital in The Crisis: It's Not How Much  
You Have But Who Provides It"**

Martin Flores José and Moussu Christophe. **“Corporate income tax design and bank capital structure”**

Moussu Christophe and Petit-Romec Arthur (1/2). **“RoE as a Root of Excess in Banks: Evidence From Financial Crises”**

Moussu Christophe and Petit-Romec Arthur (2/2). **“The Unfulfilled Promise of RoE in Banks”**

Pradier Pierre-Charles et al. (1/4). **“Institutional debt in early modern France”**

Pradier Pierre-Charles et al. (2/4). **“Political economy of gambling”**

Pradier Pierre-Charles et al. (3/4). **“Non-standard assets valuation using hedonic methods”**

Pradier Pierre-Charles et al. (4/4). **“Actuarial fairness”**

Troege Michael and Roe Mark. **“Taxing Banks Properly: Regulatory and Corporate Governance Consequences”**

Troege Michael and Hernando-Veciana Angel. **“Cheap Talk and Strategic Coarseness in Libor and Euribor Submissions”**

Zhao Lei and Varotto Simone (1/4). **“Systemic Risk and Bank Size”**

Zhao Lei (2/4). **“Implicit Government Guarantees in European Financial Institutions”**

Zhao Lei (3/4). **“Credit risk “Beta”: the systematic aspect of bank default risk”**

Zhao Lei and Moussu Christophe (4/4). **“Implicit Government Guarantees and Bank Lending: Do banks “implicitly pay” for the guarantees they implicitly enjoy?”**

**Research axis 3: “Markets, Banking and Financial Risks Supervision”, supervisor: Eric Lamarque**

Lamarque Eric, Dessertine Philippe, Deville Aude et Saleem Irfan (1/3). **“Coopératives financières : Compatibilité de la régulation sur les risques bancaires avec le statut coopératif”**

Laurent Jean-Paul, Borel-Mathurin Fabrice et Planchet Frédéric. “**Les stress tests en assurance avec l'EIOPA et l'ACPR**”

Laurent Jean-Paul, Armakola et Muromachi Yukio. “ **Les risques et la résolution des CCP (Central counterparties)**”

Laurent Jean-Paul, Sestier Michael and Thomas Stéphane. “**Trading book and credit risk: how fundamental is the Basel review?**”

Chauveau Thierry and Thomas Stéphane. “**The credit risk premium: from consistent probabilities of default to illiquid assets valuation**”

## 15. List of working papers

**Table 23. List of working papers in 2016**

<b>(Sorted by) LabEx ReFi Author</b>	<b>Title</b>	<b>Abstract</b>
Affes Zeineb, Rania Hentati- Kaffel	Predicting US banks bankruptcy: logit versus Canonical Discriminant analysis	Using a large panel of US banks over the period 2008-2013, this paper proposes an early-warning framework to identify bank leading to bankruptcy. We conduct a comparative analysis based on both Canonical Discriminant Analysis and Logit models to examine and to determine the most accurate of these models. Moreover, we analyze and improve suitability of models by comparing different optimal cut-off score (ROC curve vs theoretical value). The main conclusions are: i) Results vary with cut-off value of score ii) the logistic regression using 0.5 as critical cut-off value outperforms DA model with an average of correct classification equal to 96.22%. However, it produces the highest error type 1 rate 42.67% iii) ROC curve validation improves the quality of the model by minimizing the error of misclassification of bankrupt banks: only 4.42% in average and exhibiting 0% in both 2012 and 2013. Also, it emphasizes better prediction of failure of banks because it delivers in mean the highest error type II 8.43 %.
Alexandre Garel Arthur Petit- Romec	Investor Horizons and Employee Satisfaction	What determines a firm's ability to provide a satisfying workplace to its employees? In this paper, we study the effect of the investment horizon of a firm's investors on employee satisfaction. Since employee satisfaction is an intangible that is not immediately valued by the market but generates value over the long-run, we argue that firms with more long-term investors should be in a better position to foster employee satisfaction. Consistent with our argument, we find that long-term investor ownership is strongly associated with employee satisfaction. The effect of long-term investors on employee satisfaction appears to be causal and not driven by self-selection. In addition, we find that blockholders have a positive impact on employee satisfaction. However, the effect of investor horizons cannot be explained away by investor concentration.

<p>Armakolla Angela, Jean- Paul Laurent</p>	<p>CCP resilience and clearing membership</p>	<p>Central clearing counterparties have become a major concern regarding systemic risk and financial stability. Thus, assessing CCP resilience is a key challenge in the new financial landscape. We consider pre-funded waterfall resources, recovery tools and the assessment powers of major European and US central clearing counterparties. We also investigate loss allocation rules at the end of the waterfall and the impact of emerging resolution regimes on contingent liquidity obligations. As the resilience of a central clearing counterparty depends on the soundness of the member base and its ability to provide funds, we question the payment capacity of a member base under normal and stressed scenarios. We show that under a cover 2 stressed scenario, member base quality erodes, jeopardising the ability of clearing members to fulfil possible contingent liquidity obligations. Conflicts of interest depending on the average quality and heterogeneity of member bases are shown to be a further matter of concern regarding CCP resilience.</p>
<p>Armakolla Angela, Raphael Douady, Jean- Paul Laurent, Francesco Molteni</p>	<p>Repurchase agreements and the European sovereign debt crises: the role of European clearinghouses</p>	<p>This chapter investigates the European repo market and its role as an amplifier of tensions in the sovereign debt markets. We focus on the centrally cleared segment, representing the majority of European repos. A novel data set on repo and margin haircuts applied to sovereign bonds by central clearing counterparties (CCPs) is gathered, allowing us to assess the haircut methodologies used by the major European CCPs. We document that following increases in sovereign risk, haircuts set by major CCPs on peripheral sovereign bonds increased significantly. The procyclicality of haircuts and the concentration of bilateral repos raise concerns about the CCP-intermediated repo market as a source of systemic risk in the Eurozone. This is however mitigated by the countercyclical monetary policy of the European Central Bank (ECB).</p>
<p>Arnould Guillaume, Catherine Bruneau, Zhun Peng</p>	<p>Liquidity and Equity Short term fragility: Stress tests for the European banking system</p>	<p>This paper assesses the resilience of Eurozone banks' equity and liquidity against large shocks to financial markets by using a CVRF model that combines copulas and factorial structures. Our analysis refers to 35 banks in the Eurozone from 2005 to 2015. Our contribution is threefold. First, we employ a model that takes into account the links between the assets composing banks' portfolios and consider second round and spillover effects between different markets and countries. We show that spillovers changed notably over the sample period. Second, we measure the impact of different types of shocks (stock market and bond market) on banks' solvency and liquidity positions and show that liquidity shortfalls are substantial, especially for banks from peripheral countries or domestic systemically important banks (D-SIB). Third, we assess the role of diversification in improving banks' resilience by examining the particular situation where stock and bond returns become positively dependent, as recently observed. We show that for some banks it increases shortfalls up to 120%.</p>

Berkowitz Héloïse, Souchaud Antoine	Ethical challenges in the sharing economy: collectively performing ethics in the crowdfunding sector	Collectively defining ethics at the sector level is a major issue and challenge for organizations from the sharing economy, that seek to build trust with stakeholders and encourage market growth. However, the study of ethics is usually concerned with ethics inside organizations rather than with the level of meta-organizations (organizations made of organizations). Through an in-depth case study of the French crowdfunding sectoral ethics' definition, we show the role of the meta-organization in structuring and performing ethics. Meta-organizations allow to institutionalize alterity and to develop and implement governance mechanisms and boundary devices, such as codes of ethics, that make ethics performative. We show that the meta-organization protects the sharing economy's two main thick ethical concepts: trust and solidarity. A breach in these concepts may result in ethical failures that threaten the whole sector, due to a black sheep effect. In the sharing economy, ethics emerge as a sectoral common in the form of an immaterial asset. This finding has managerial implications for actors aiming to develop sharing economy activities.
Berkowitz Héloïse, Souchaud Antoine	Organizational gap and institutional change: the role of meta-organizations in public policymaking Revisiting the moment when legislators and crowdfunding actors realize that strengthening the industry meta-organization is a prerequisite for regulatory dialogue.	This article explores the way legislators and crowdfunding actors in France experienced, analyzed and drew conclusions from the painful setback they suffered when attempting for the first time to co-construct a set of regulations for their industry. The methodology used builds upon a body of legal literature and 31 semi-structured interviews to reconstitute the strategic sequences in this co-construction, as well as the implicit dialogues that took place between this heterogeneous set of actors. Our results show that the presence of a strong, legitimate and credible meta-organization may be necessary for the successful co-construction of industry regulations. This article helps develop the idea of an "organizational gap" in policy networks that can be source of institutional change. It shows the value of examining institutional change's successes and failures at the policy network level.
Billio Monica, Lorenzo Frattarollo, Hayette Gatfaoui, Philippe de Peretti	Clustering in Dynamic Causal Networks as a Measure of Systemic Risk on the Euro Zone	In this paper, we analyze the dynamic relationships between ten stock exchanges of the euro zone using Granger causal networks. Considering returns for which we allow the variance to follow a Markov-Switching GARCH or a Changing-Point GARCH process, we first show that over different periods, the topology of the network is highly unstable. In particular dynamic relationships vanish over very recent years. Then, expanding on this idea, we analyze patterns of information transmission within the network. Using rolling windows to study networks' topology in terms of information clustering, we ...nd that the nodes'state changes continually. Moreover, the system exhibits periods of flickering in information transmission. During these periods of flickering, the system also exhibits desyn-chronization in the information transmission process. These periods do precede tipping points or phase transitions on the market, especially before the global financial crisis, and can thus be used as early warnings. To our knowledge, this is the first time that flickering in information transmission is identi...ed on ...nancial markets, and that flickering is related to phase transitions.

Biondi Yuri, Marion Boisseau- Sierra	Accounting for Pension Obligations in the European Union: A case study for EPSAS and transnational budgetary supervision	Pension obligations constitute a critical issue for public finances and budgets. This is especially true for the European Union whose institutional mechanism aims to supervise Member States' spending through centralised budgetary rules based upon financial covenants. In this context, accounting methods of recognition and measurement of pension obligations become an integral and critical aspect of Europe's transnational budgetary and financial supervision. Drawing upon a comprehensive overview of pension management and regulation, this article aims to analyse the ongoing debate on accounting for pension obligations with a specific attention to the harmonization of European Public Sector Accounting Standards (EPSAS). While the European Commission has been favouring the 'indisputable reference' to the International Public Sector Accounting Standards (IPSAS), European Member States' practices and views remain inconsistent with the normative solution imposed by the IPSAS 25, which favours and facilitates Definite Contribution pension schemes. In this context, we do summarise the IPSAS position mimicking the IFRS, review the pension's accounting in national statistics and EPSAS debate, and provide some building blocks for a comprehensive model of accounting for pension obligations that admits and enables several viable modes of pension management.
Biondi Yuri, Simone Righi	Much ado about making money: The impact of disclosure, news and rumors over the formation of security market prices over time	This article develops an agent-based model of security market pricing process, capable to capture main stylised facts. It features collective market pricing mechanisms based upon evolving heterogenous expectations that incorporate signals of security issuer fundamental performance over time. Distinctive signaling sources on this performance correspond to institutional mechanisms of information diffusion. These sources differ by duration effect (temporary, persistent, and permanent), confidence, and diffusion degree among investors over space and time. Under full and immediate diffusion and balanced reaction by all the investors, the value of these sources should be consistently and timely integrated by the market price process, implying efficient pricing. By relaxing these quite heroic conditions, we assess the impact of distinctive information sources over market price dynamics, through financial systemic properties such as market price volatility, exuberance and errancy, as well as market liquidity. Our simulation analysis shows that transient information shocks can have permanent effects through mismatching reactions and self-reinforcing feedbacks, involving mispricing in both value and timing relative to the efficient market price series. This mispricing depends on both the information diffusion process and the ongoing information confidence mood among investors over space and time. We illustrate our results through paradigmatic cases of stochastic news, before generalising them to autocorrelated news. Our results are further corroborated by robustness checks over the parameter space and across several market trading mechanisms.



Biondi Yuri, Imke Graeff	Rethinking bank shareholder equity: The case of Deutsche Bank	Do you believe that bank shareholder equity provides an indefinitely lasting source of funding which covers for (residual) risk and loss-absorption? Our innovative approach clarifies and disentangles actual shareholder contribution to bank equity. This case study applies it to Deutsche Bank, a European systemically important institution, from 2001 to 2015. Our analysis shows that bank shareholder equity lasted for less than three months in 2007 in the bank entity, while payout policies exhausted shareholder contribution to loss-absorbing capital in 2006-2008. Since 2005, shareholder contribution to Tier 1 Capital remained below 10%. According to our findings, the actual contribution by shareholders to bank equity capital was limited, while shareholder payout policies, including share buybacks and trading on its own shares, were material. These findings raise concerns on the actual capacity by shareholder equity to assure protection against (residual) risk and loss absorption. Customer and investor protections appear to lay with bank entity equity dynamics. These findings have implications for bank financial sustainability and resilience, company capital maintenance, and regulatory capital requirements. Further developments based upon this innovative methodology may improve on existing prudential and accounting regulations.
Biondi Yuri, Simone Righi	Inequality, mobility and the nancial accumulation process: A computational economic analysis	Our computational economic analysis investigates the relationship between inequality, mobility and the nancial accumulation process. Extending the baseline model by Levy et al., we characterise the economic process trough stylised return structures generating alternative evolutions of income and wealth through historical time. First we explore the limited heuristic contribution of one and two factors models comprising one single stock (capital wealth) and one single ow factor (labour) as pure drivers of income and wealth generation and allocation over time. Then we introduce heuristic modes of taxation in line with the baseline approach. Our computational economic analysis corroborates that the nancial accumulation process featuring compound returns plays a signi cant role as source of inequality, while institutional con gurations including taxation play a significant role in framing and shaping the aggregate economic process that evolves over socioeconomic space and time.
Biondi Yuri, Simone Righi	Inequality and the nancial accumulation process: A computational economic analysis of income and wealth dynamics	Our computational economic analysis investigates the relationship between inequality and the nancial accumulation process in the study of income and wealth distributions. Extending the baseline model by Levy et al., we characterise the economic process trough featured return structures generating alternative stylised evolutions of income and wealth through historical time. First we explore the limited heuristic contribution of one and two factors models comprising one single stock (capital wealth) and one single ow factor (labour) as pure drivers of income and wealth generation and allocation over time. Then we introduce heuristic models of taxation and nancial market pricing in line with the baseline approach. Our computational economic analysis corroborates that the nancial accumulation process featuring compound returns plays a signi cant role as socioeconomic source of inequality, while institutional con gurations play a signi cant role in framing and shaping the aggregate economic process that evolves over socioeconomic space and time.

Biondi Yuri, Marion Boisseau- Sierra	Financial Sustainability and Public Debt Management in Central Government	<p>This chapter explores the link between sovereign debt and financial sustainability in central governments, clarifying sustainability mechanisms specific to the public sector. They refer to the connection between public debt and the monetary basis, as well as the general interest missions performed by the public sector to cover collective and long-term obligations and guarantees. By examining matters raised to this specificity, we offer an original position on the financial sustainability of central governments. In recent decades, there has been a trend toward convergence between the private and the public modes of accounting and finance, including related financial sustainability criteria. Financial sustainability of central governments was then allegedly aligned with that of business firms. Our approach argues that some financial mechanisms that lie at the heart of sustainability of public entities are specific and pertain to the public sector sphere. To illustrate this specificity, three issues are especially addressed: (i) the taxing power; (ii) the public debt management and its refinancing mechanism, and (iii) the collective engagement represented by pay-as-you-go pension obligations. A theoretical framework is then developed and corroborated by numerical illustration and case studies in practice and regulation. One case study concerns the sustainability measures adopted under “the Excessive Debt Procedure Criteria” by the European Union (EU), which may show inconsistency between management by financial indicators and sovereign sustainability. Some received questions will be renewed, such as: are sustainability and funding linked? Shall governments fully repay their debt one day? Central government is deemed to be financially sustainable when it can pursue its ongoing public benefit missions while fulfilling its financial obligations when they become due in time and amount. This financial capacity depends on both tax revenues and public debt management. In this context, governmental debt capacity consists in placing sovereign debt for sake of debt issuance and refinancing – with governmental entities, resident and foreign debt-holding investors, monetary financial institutions and central banking. The latter two placements relate to the monetary base management. Financial markets may facilitate some of these ongoing transactions on sovereign debt. Therefore, fiscal policies, welfare policies and public debt management are linked, while governmental debt capacity constitutes an integral part of its financial sustainability.</p>
Biondi Yuri, Marion Sierra	Accounting for Pension Flows and Funds: A case study for accounting, economics and public finances	<p>Accounting for pension obligations has been coevolving with political and financial economic strategies aimed to prompt and promote active financial markets and institutional investors, as well as transnational harmonization and convergence of accounting standards between private and public sectors. In this context, our article provides a theoretical analysis of accounting for pension obligations, drawing upon a comprehensive review of existing practice and regulation. The latter are still inconsistent with the actuarial representation that has been adopted by the IPSAS 25 (Employee Benefits) and the IAS 19 (Employee Benefits). According to our frame of analysis, a variety of viable modes of pension management exists and shall be acknowledged by accounting and financial regulations. Accounting (and financial economic) concepts and regulatory recommendations are then elaborated in view to clarify and improve on pension protection, that is, the</p>

		assurance of continued provision of pension payments at their agreed levels under viable alternative modes of pension management.
Bouvatier Vicent, Gunther Capelle-Blancard, Anne-Laure Delatte	European Banks and Tax Havens	Since the financial crisis, several scandals have pointed out the involvement of the banking system in tax havens. Using individual country-by-country reportings from the largest banks in the European Union, this paper provides a quantitative assessment of the weight of tax havens in international banking activity. Our empirical estimation uncover several new findings: 1) Ignoring tax havens implies misspecification in a standard gravity model explaining the commercial presence of banks subsidiaries abroad; tax havens attract large extra banking activity beyond the standard gravity factors; 2) Luxembourg, Isle of Man and Guernsey rank at the top of the foreign affiliates presence not explained by standard factors; the presence of foreign banks subsidiaries in Luxembourg is 8.5 times higher than predictions based on a standard gravity model; 3) Combining low tax rates and high governance quality is not sufficient to explain extra banking activity in tax havens.
Bunkanwanicha Pramuan, Olivier Greusard	The Quality of Accounting Information in Bribe Paying Firms	The paper investigates the quality of accounting information of bribe-paying firms and their competitors. We analyze a hand-collected sample of 241 enforced bribery cases under the US Foreign Corruption Practices Act (FCPA) during 1978-2015. We document that the quality of earnings of bribe-paying firms is significantly better than that of their peers in general. Exploiting the disclosure of anti-bribery law enforcements, we document a positive effect on the quality of accounting information of bribe-paying firms' competitors, but not the bribepaying firms. Our results suggest a positive impact of anti-bribery law that incentivizes other firms to enhance their accounting information once they acknowledge a bribing behavior of a peer.
Capelle-Blancard Gunther	The Impact of Securities Transaction Tax: A Cross-Country Analysis	Stock trading has increased substantially during the last decades. At the world level, since the late 1980s, stock trading has grown five times faster than GDP. This trend is even more pronounced for high-income countries. For instance, in 2013, the value of trading for US equities (\$50 trillion) was three times larger than the US GDP (\$17 trillion), compared to one third in the late 1980s. Most of the literature in financial economics considers positively such growth of stock trading without questions, however, about its appropriate level or its drivers. This paper aims to fill this gap by seeking to identify some empirical determinants of the stock market activity. Using World Bank's data for 44 developed countries over the period 1989-2012, I find very few significant factors explaining the total value of shares traded over GDP or market capitalization: it is positively correlated with the level of GDP per capita and with stock market volatility, but not related to any characteristics of the domestic financial system or the legal origin. I also compile data on securities transaction taxes (STT) across the world over the sample period. Contrary to common beliefs, there is no significant correlation between STT and trading activity on the long run.

Capelle-Blancard Gunther Olena Havrylchyk	INCIDENCE OF BANK LEVY AND BANK MARKET POWER	This is the first analysis of the incidence of a bank tax that is imposed on banks' balance sheets. Within the framework of an oligopolistic version of the Monti-Klein model, the passthrough of a bank tax levied on loans is stronger when elasticity of credit demand is low. To test this hypothesis, we investigate the incidence of the Hungarian bank tax that was introduced in 2010 on banks' assets. This case is well suited for our analysis because the tax rate is much higher for large banks than for small banks, which allows relying on difference-in-difference methodology to disentangle the impact of the tax from any other shock that might have occurred simultaneously. In line with model predictions, our estimations show that the tax is shifted to customers with the smallest demand elasticity, such as households. In terms of economic policy implications, our results suggest that enhanced borrower mobility could reduce the ability of banks to shift taxes to customers.
Capelle-Blancard Gunther , Aurélien Petit	Every Little Helps? ESG News and Stock Market Reaction	Stories about corporate social responsibility have become very frequent over the past decade and managers can no longer ignore their impact on firm value. In this paper, we investigate the extent and the determinants of the stock market's reaction following ordinary news related to environmental, social and governance issues – the so-called ESG factors. To that purpose, we use an original database provided by Covalence-Ethical Quote. Our empirical analysis is based on about 33,000 ESG news (positive or negative), targeting one hundred listed companies over the period 2002-2010. On average, firms facing negative events experience a drop in their market value of 0.1%, whereas companies gain nothing in average from positive announcements. We find also that market participants are responsive to the media, but they do not react to firms' press releases or to NGOs' disclosures. Moreover, our results indicate that sector's reputation mitigates the loss (the goodwill hypothesis) and that cultural proximity and lexical contents of ESG disclosures play a significant role in the magnitude of the impact.
Catillon Vincent	L'instrument de recapitalisation directe du MES	TBA
Cho Hye-jin	ECONOMIC SIZE AND DEBT SUSTAINABILITY AGAINST PIKETTY'S "CAPITAL INEQUALITY"	This article presents a methodology designed to facilitate alternative variables measuring economic growth. A capital-labor split of Cobb-Douglas function is adapted for use in the context of economic growth. A capital/income ratio and two fundamental laws of capitalism originated by Thomas Piketty illustrate capital inequality undervalued with respect to labor inequality. In addition, the article includes export and external debt as strong alternatives. Empirical data of the World Bank are analyzed to demonstrate broad differences in economic sizes. The case analysis on Latin America as an example of different sized economy is also discussed.
Cho Hye-jin	The Bank capital regulation (BCR) model	The motivation of this article is to induce the bank capital management solution for banks and regulation bodies on commercial banks. The goal of the paper is intended to mitigate the risk of a banking area and also provide the right incentive for banks to support the real economy.

Cho Hye-jin	ECONOMICS OF REGULATION: CREDIT RATIONING AND EXCESS LIQUIDITY	In examining prudence of collateral, the argument is how a regulator figures out whether commercial banks want to hold excess liquidity for the precautionary aim or expect to cross the redline before debt overhang. Risky behavior in the fixed investment scale (Holmstrom and Tirole, 2013) is representable as inside liquidity in the market. This paper introduces a credit rationing model in uncertainty where the demand deposit-required reserves argument comes from. We also conduct a stylistic analysis of excess liquidity in Jordan and Lebanon from 1993 to 2015. As such, the proposed model exemplifies the combination of credit, liquidity and regulation.
Cho Hye-jin	Macro Micro Model with a Post-Keynesian Perspective in the banking industry	TBA
Cho Hye-jin	Speculative Bubble Burst	Central to market fundamentals are three ideas: (1) Nominal money (2) Dividend (3) Existing stock. In connection with the cumulative dividend stream criterion of fundamental and noise movement, the conception of sequentially stable Markov process is grounded on the theory of bubbles. This paper firstly embodies the origin of speculative bubble burst with overconfidence. Then, unique equilibrium with inertia is re-illuminated by the overconfidence.
Cho Hye-jin, Almir Alihodžić	ANALYSIS OF SYSTEMIC LIQUIDITY RISK FOR THE BANKING SECTOR IN BOSNIA AND HERZEGOVINA (BH)	The purpose of this paper is to relate the Danish concept of the "Balance Principle" to test the hypotheses of systemic liquidity risk in the banking sector. In the paper, the major econometric method is to gauge the general applicability of theories of liquidity and to test the applicable validity of Bosnia and Herzegovina (BH). A prime example for this study is taken from the first quarter of 2004 to the second quarter of 2014. Our intention here is to consider the identification of macroeconomic parameters that positively affect the growth of the banking sector. The parameter liquidity, i.e. liquid assets / total assets will be observed as a dependent variable, and nonperforming loans / total loans, average profitability on equity capital, non-interest expenses / total revenue, the average required reserve, total loans, the money supply in the wider sense, net capital / risk weighted assets and net performing assets / total assets will be used as independent variables. The purpose of the paper is to determine whether there is interdependence in the movement between the independent and dependent variables through a multiple linear regression.

Chorro Christophe, Florian Ielpo, Benoît Sévi	The contribution of jumps to forecasting the density of returns	The extraction of the jump component in the dynamics of asset prices has witnessed a considerably growing body of literature. Of particular interest is the decomposition of returns' quadratic variation between their continuous and jump components. Recent contributions highlight the importance of this component in forecasting volatility at different horizons. In this article, we extend a methodology developed in Maheu and McCurdy (2011) to exploit the information content of intraday data in forecasting the density of returns at horizons up to sixty days. We follow Boudt et al. (2011) to detect intraday returns that should be considered as jumps. The methodology is robust to intra-week periodicity and further delivers estimates of signed jumps in contrast to the rest of the literature where only the squared jump component can be estimated. Then, we estimate a bivariate model of returns and volatilities where the jump component is independently modeled using a jump distribution that fits the stylized facts of the estimated jumps. Our empirical results for S&P 500 futures, U.S. 10-year Treasury futures, USD/CAD exchange rate and WTI crude oil futures highlight the importance of considering the continuous/jump decomposition for density forecasting while this is not the case for volatility point forecast. In particular, we show that the model considering jumps apart from the continuous component consistently deliver better density forecasts for forecasting horizons ranging from 1 to 30 days.
Collet Jerome, Florian Ielpo	Sector Spillovers in Credit Markets	Cross-sector volatility spillovers can both threaten the financial stability of credit markets and the diversification of a credit bond portfolio. In this article, we use Diebold and Yilmaz (2009, 2011, 2012)'s method to measure cross-sector volatility spillovers, casting light on their intensity in the US-denominated investment grade bond universe. We find that volatility spillovers are high and that the insurance and the consumer noncyclical sectors have been large volatility spillover contributors over the 2000-2014 period. We propose a more structural analysis of the spillover history, based on a three-regime multivariate VAR Markov Switching model that highlights that with different volatility regimes come different volatility spillover structures: the insurance sector is a volatility spillover source during crisis periods, when the consumer non cyclical sector becomes one during quieter periods.



Di Giuli Alberta, Paul A. Lauxz	Board members' media connections and access to financing	Boards of directors with linkages to media firms have been found to enhance a firm's news coverage and public relations. We investigate the economic effects of this enhanced communication by studying issuance of equity and debt securities. Media-linked board members are associated with more outside public equity and debt financing. For equity, the main effect is on the quantity of funds raised (i.e., an effect at the intensive margin). For debt, the main effect is on the ability and decision to issue bonds (i.e., an effect at the extensive margin). The size of the effects we uncover are economically large, with a statistical association up to an extra 15% of additional capital raised as a proportion of asset value. The effects are strongest for firms with demonstrated needs to access outside capital and that are likely already visible to investors based on their age and size. We also find associations with pricing, where firms with media-linked board members experience larger announcement day stock returns to equity issues and issue debt at lower yields. Further evidence suggests that the effects are due to skill and amassed connections, not only direct effects of current media connections. We provide evidence that these effects are not the result of endogenous effects using an instrumental variables method. We subject our results to a set of robustness checks. Our results are evidence that media-linkages positively influence the supply side of public securities markets.
Douady Raphael, and Antoine Kornprobst	An Empirical Approach to Financial Crisis Indicators Based on Random Matrices	The aim of this work is to build financial crisis indicators based on time series of market data. After choosing an optimal size for a rolling window, the historical market data in this window is seen every trading day as a random matrix from which a covariance and a correlation matrix are obtained. The indicators that we have built deal with the spectral properties of these covariance and correlation matrices. The simple intuitive idea that we rely upon is that correlation and volatility are like the heartbeat of the financial market: when correlations between asset prices increase or develop abnormal patterns, when volatility starts to increase, then a crisis event might be around the corner. The financial crisis indicators that we have built are of two kinds. The first one is based on the Hellinger distance, computed between the distribution of the eigenvalues of the empirical covariance matrix and the distribution of the eigenvalues of a reference covariance matrix. As reference distributions we use the theoretical Marchenko Pastur distribution and numerically computed ones using a random matrix of the same size as the empirical rolling matrix and constituted of Gaussian or Student-t coefficients with some simulated correlations. The idea behind this first type of indicators is that when the empirical distribution of the spectrum of the covariance matrix is deviating from the reference in the sense of Hellinger, then a crisis may be forthcoming. The second type of indicators is based on the study of the spectral radius and the trace of the covariance and correlation matrices as a mean to directly study the volatility and correlations inside the market. The idea behind the second type of indicators is the fact that large eigenvalues are a sign of dynamic instability.

Frunza Marius Cristian, Rostislav Haliplii, Dominique Guegan	Assessment of proxy-hedging in jet-fuel markets	The aim of this research is to explore the risk associated with hedging in jet fuel markets. It focuses on finding the most effective proxy hedge instrument for the Singapore spot market. Due to its particularities, this market does not exhibit the same features as traditional financial markets do. In appearance it seems very related to the oil market, but in reality it exhibits insufficient liquidity and shows unusual volatility clustering effects. This behavior has a direct impact on the hedging strategies of series, airline companies and jet fuel traders. The paper explores the econometric features of the jet fuel price and underlines the need of fat tail distributions and volatility clustering models. Also it examines the density forecasting capacity of various proxy hedge instruments including kerosene, crude and gasoil futures. The results show that Singapore Gasoil Futures contract is the best candidate for hedging the Singapore Jet Fuel spot price.
Garcin Matthieu	Estimation of time-dependent Hurst exponents with variational smoothing and application to forecasting foreign...	Hurst exponents depict the long memory of a time series. For human-dependent phenomena, as in finance, this feature may vary in the time. It justifies modelling dynamics by multifractional Brownian motions, which are consistent with time-varying Hurst exponents. We improve the existing literature on estimating time-dependent Hurst exponents by proposing a smooth estimate obtained by variational calculus. This method is very general and not restricted to the sole Hurst framework. It is globally more accurate and easier than other existing non-parametric estimation techniques. Besides, in the field of Hurst exponents, it makes it possible to make forecasts based on the estimated multifractional Brownian motion. The application to high-frequency foreign exchange markets (GBP, CHF, SEK, USD, CAD, AUD, JPY, CNY and SGD, all against EUR) shows significantly good forecasts. When the Hurst exponent is higher than 0.5, what depicts a long-memory feature, the accuracy is higher.
Garcin Matthieu, Clement Goulet	Non-parametric news impact curve: a variational approach	In this paper, we propose an innovative algorithm for modelling the news impact curve. The news impact curve provides a non-linear relation between past returns and current volatility and thus enables to forecast volatility. Our news impact curve is the solution of a dynamic optimization problem based on variational calculus. Consequently, it is a non-parametric and smooth curve. The technique we propose is directly inspired from noise removal techniques in signal theory. To our knowledge, this is the first time that such a method is used for volatility modelling. Applications on simulated heteroskedastic processes as well as on financial data show a better accuracy in estimation and forecast for this approach than for standard parametric (symmetric or asymmetric ARCH) or non-parametric (Kernel-ARCH) econometric techniques.



Garel Alexandre Arthur Petit- Romec	Institutional Ownership and Bank Capital Structure	Bank capital is arguably the main target of banking regulation and plays a critical role in enhancing financial stability. In this paper, we examine the effect of institutional ownership on bank capital structure. The results show that greater institutional ownership is associated with more bank capital (less leverage and more Tier 1 ratio). We find that this effect is robust when controlling for asset risk or accounting for the potential endogeneity of institutional ownership. Complementary tests indicate that the negative impact of institutional investors on bank leverage is mainly concentrated on non-deposit debt. Finally, disaggregating by type of institutional investors, we find that long-term investors drive the impact on bank capital, consistent with the idea that bank capital is more important for investors with longer horizon who hold their shares during financial crises.
Garel Alexandre Arthur Petit- Romec Christophe Moussu Steve Ohana	Financial Analysts and Health and Safety Programs	In response to the sharp increase in health-related costs in the U.S. over the last two decades, Health and Safety (H&S) programs have started to emerge in U.S. firms to improve employees' health and control firms' healthcare expenditures. These H&S programs represent valuable long-term investments for shareholders with strong positive externalities for employees and society at large. In this paper, we examine the impact of financial analysts on H&S programs. The results indicate that analyst coverage has a strong and negative impact on both the existence and the initiation of H&S programs. Complementary tests reveal that the negative impact of financial analysts on H&S programs is more pronounced for firms with a small distance between realized earnings and analysts' benchmark earnings, and for firms with lower blockholder ownership and long-term ownership. Overall, our results are consistent with the idea that financial analysts exert excessive short-term pressure that is detrimental to H&S programs.
Garel Alexandre, Arthur Petit- Romec	Bank capital in the crisis: It's not just how much you have but who provides it	Bank capital is the cornerstone of bank regulation and is considered a key determinant of a bank's ability to withstand economic shocks. In the area of bank capital regulation, the general view is that more bank capital is better, irrespective of who provides it. In this paper, we investigate whether the investment horizon of bank capital providers matters for bank performance during the recent financial crisis. We observe that banks with more short-term investor ownership have worse stock returns during the crisis. Further exploration suggests that this is partially because banks with higher short-term investor ownership took more risk prior to the crisis but mainly because they experienced higher selling pressure during the crisis. Our results confirm the economic benefit of bank capital in helping banks to perform better during crises. However, when we decompose bank capital by the nature of its providers, we show that more capital is associated with worse performance when it is provided by short-term institutional investors.

Gatfaoui Hayette	Investigating Linkages between U.S. CDS Spreads and both Equity Market Price and Equity Market Volatility Channels: A Quantile Cointegrating Regression Approach	We investigate the behavior of aggregate U.S. CDS spreads along with the equity market trend and a well-chosen implied volatility index. We describe such robust (to spurious correlation) relationship with the quantile (cointegrating) regression approach. Such powerful econometric approach handles extreme quantiles (i.e. extreme CDS values) and their behavior relative to the equity market's impact. Moreover, heteroskedastic patterns such as time-varying variance, but also autocorrelation, skewness and leptokurtosis are captured. Being quantile dependent, the sensitivity of aggregate CDS spreads to equity market price and volatility exhibits asymmetric responses to equity market shocks. A complementing sub-period analysis investigates potential regime shifts in estimated quantile cointegrating regressions. Quantile cointegrating coefficients vary over time and quantiles, and exhibit different magnitudes across sub-periods. But, the nature of the full sample-specific impact of equity market on CDS spreads is mostly preserved across sub-periods. As a result, the assessment of credit risk with respect to the impact of market risk and the nature of corresponding linkages differ from one quantile to another. Such methodology helps enhance risk management processes, among which value-at-risk (VaR) and expected shortfall. In this light, we propose a scenario analysis and risk signaling application for credit risk management prospects. Under specific risk levels, we describe credit risky situations conditional on the equity market's impact over time, and compute related expected aggregate CDS spreads. Conditional quantiles act as credit alert triggers.
Giraud Gaël Kockerols Thore	A macro-financial non-linear dynamical system model of the Euro Area	Using a non-linear dynamical system approach based on Lotka-Volterra dynamics, we construct a monetary and stock-flow consistent macroeconomic model for the Euro Area. The model features endogenous business cycles, variable usage rate of capital and inventories together with non-neutral money, whose creation by the banking sector is endogenous. Wages, aggregate consumption and investment are empirically estimated using a non-linear and non-Gaussian procedure. The model parameters are calibrated and estimated so as to replicate the European Commission's forecast for the Euro Area. Long term simulations reveal a stable cycle over the mid term before a break out to one of the long-run equilibria.
Goulet Clement	A Flexible Total Variation Algorithm To Remove Additive Noise	Total Variation methods are applied with success to denoising problems. These approaches recover an original signal by minimizing both its Total Variation and a closeness constraint with the true signal. Generally, the closeness constraint is a standard Mean Square Error (MSE), which may be inappropriate for asymmetric and leptokurtic noise. In this paper, we replace the MSE by the noise log-likelihood, which allows for more flexibility in the noise distribution. The estimation algorithm is simple to implement and can be applied with ease to various noise distributions. We provide numerical simulations for Gaussian, Student, skewed Gaussian and skewed Student noises as well as an application in Finance.

---

Goulet Clement	Intra industry volatility spillovers around Earning Announcements	<p>In this paper we propose an analysis of intra-industry volatility spillovers around Earnings Dates. Since the seminal works of Ball and Brown (1968) and of Patell and Wolfson (1978), it has been shown that Earning Announcements generate shocks on asset returns and on asset implied volatility. In this paper, we find evidences of volatility spillovers around the Earning dates between the announcer and its co-sector firms. Following Ben Rejeb and Arfaoui (2016), we model volatility spillovers through Quantile Regressions. This approach has the advantage to distinguish the effect of volatility shocks of the announcer, on lower and upper quantiles of the co-sector volatility distributions. We test the volatility spillover with the nature of the news, the earning surprise and on the market visibility of the announcer.</p>
Guéant Olivier	Optimal market making	<p>Market makers provide liquidity to other market participants: they propose prices at which they stand ready to buy and sell a wide variety of assets. They face a complex optimization problem with both static and dynamic components. They need indeed to propose bid and offer/ask prices in an optimal way for making money out of the difference between these two prices (their bid-ask spread). Since they seldom buy and sell simultaneously, and therefore hold long or short inventories, they also need to mitigate the risk associated with price changes, and subsequently skew their quotes dynamically. In this paper, (i) we propose a general modeling framework which generalizes (and reconciles) the various modeling approaches proposed in the literature since the publication of the seminal paper "High-frequency trading in a limit order book" by Avellaneda and Stoikov, (ii) we prove new general results on the existence and the characterization of optimal market making strategies, (iii) we obtain new closed-form approximations for the optimal quotes, (iv) we extend the modeling framework to the case of multi-asset market making, and (v) we show how the model can be used in practice in the specific (and original) case of two credit indices.</p>

---

Guégan Dominique	Public blockchain versus private blockchain	<p>In this document we introduce some thinkings relative to the concept of blockchain, how it works and what are the issues for the banking system. Thus, first we recall what cryptography is, then we introduce the concept of blockchain as a protocol for transmitting information in a secure way, distinguishing two possible approaches: the decentralized public approach and the centralized private approach. The notion of cryptocurrency is introduced and two examples of applications of the public blockchains that are the bitcoin and the etherium are provided. There are many questions and issues. Obviously the discussions around the bitcoin are numerous and beyond the technical problems, we can list some opened questions relative to the blockchain as clock, the understanding of the attacks to 51% and the way to circumvent them, the double spending, the crashes scenarii, the transfers of assets, the smart Contracts, the regulation, ... We want to focus on the difference between the use of the public blockchain (without a third party) and what can be called the private or semi-private blockchain. There is a lot of controversy on the part of the users and the developers of the public blockchain vis--vis the private blockchain. It seems necessary to clarify these two uses and the good way will be to use different terminologies. For the moment, we keep the both terminologies. On the other hand it seems necessary to discuss all the possible approaches of the private blockchain, which range from the "press-button" and the associated risks, to a technical and secure development, which is still in its infancy. At least the need to identify the risks associated with these approaches, identify them and propose strategies need to be developed. Of course a regulation is possible but it has to be done.</p>
Guégan Dominique and Bertrand Hassani	Internal model : to contribute at the quality of risk's control	TBC
Guégan Dominique et Bertrand Hassani	Risk Measures At Risk- Are we missing the point?	<p>This paper discusses the regulatory requirements (Basel Committee, ECB-SSM and EBA) to measure the major risks of financial institutions, for instance Market, Credit and Operational, regarding the choice of the risk measures, the choice of the distributions used to model them and the level of confidence. We highlight and illustrate the paradoxes and issues observed when implementing one approach over another, the inconsistencies between the methodologies suggested and the goals required to achieve them. We focus on the notion of sub-additivity and alternative risk measures, providing the supervisor with some commendations and risk managers with some tools to assess and manage the risks in a financial institution.</p>
Guégan Dominique et Bertrand Hassani	More Accurate Measurement for Enhanced Controls: VaR vs ES?	<p>This paper analyses how risks are measured in financial institutions, for instance Market, Credit, Operational, etc with respect to the choice of the risk measures, the choice of the distributions used to model them and the level of confidence selected. We discuss and illustrate the characteristics, the paradoxes and the issues observed comparing the Value-at-Risk and the Expected Shortfall in practice. This paper is built as a differential diagnosis and aims at discussing the reliability of the risk measures as long as making some recommendations.</p>

Guégan Dominique with Giovanni de Luca and Giorgia Riviecco	Three stage estimation method for nonlinear multiple time series	We present the three-stage pseudo maximum likelihood estimation in order to reduce the computational burdens when a copula-based model is applied to multiple time-series in high dimensions. The method is applied to general stationary Markov time series, under some assumptions which include a time-invariant copula as well as marginal distributions, extending the results of Yi and Liao [2010]. We explore, via simulated and real data, the performance of the model compared to the classical vectorial autoregressive model, giving the implications of misspecified assumptions for margins and/or joint distribution and providing tail dependence measures of economic variables involved in the analysis.
Guégan Dominique, Bertrand Hassani et kehan Li	Impact of multimodality distribution on VaR and Es calculations	Unimodal probability distribution has been widely used for Value-at-Risk (VaR) computation by investors, risk managers and regulators. However, financial data may be characterized by distributions having more than one modes. Using a unimodal distribution may lead to bias for risk measure computation. In this paper, we discuss the influence of using multimodal distributions on VaR and Expected Shortfall (ES) calculation. Two multimodal distribution families are considered: Cobb's family and distortion family. We provide two ways to compute the VaR and the ES for them: an adapted rejection sampling technique for Cobb's family and an inversion approach for distortion family. For empirical study, two data sets are considered: a daily data set concerning operational risk and a three month scenario of market portfolio return built with five minutes intraday data. With a complete spectrum of confidence levels from 0.001 to 0.999, we analyze the VaR and the ES to see the interest of using multimodal distribution instead of unimodal distribution.
Guégan Dominique, Bertrand Hassani et kehan Li	A robust confidence interval of historical Value-at-Risk for small sample	Finiteness of sample, as one major source of uncertainty, has been ignored by the regulators and risk managers domains such as portfolio management, credit risk modelling and finance (or insurance) regulatory capital calculations. To capture this uncertainty, we provide a robust confidence interval (CI) of historical Value-at-Risk (hVaR) for different length of sample. We compute this CI from a saddlepoint approximation of the distribution of hVaR using a bisection search approach. We also suggest a Spectral Stress Value-at-Risk measure based on the CI, as an alternative risk measure for both financial and insurance industries. Finally we perform a stress testing application for the SSVaR.
Guégan Dominique, Bertrand Hassani et kehan Li	Uncertainty in historical Value-at- Risk: an alternative quantile-based risk measure	The financial industry has extensively used quantile-based risk measures relying on the Value-at-Risk (VaR). They need to be estimated from relevant historical data set. Consequently, they contain uncertainty. We propose an alternative quantile-based risk measure (the Spectral Stress VaR) to capture the uncertainty in the historical VaR approach. This one provides flexibility to the risk manager to implement prudential regulatory framework. It can be a VaR based stressed risk measure. In the end we propose a stress testing application for it.

Guégan Dominique, Matthieu Garcin et Bertrand Hassani	A novel multivariate risk measure: the kendall VaR	The definition of multivariate Value at Risk is a challenging problem, whose most common solutions are given by the lower- and upper-orthant VaRs, which are based on copulas: the lower-orthant VaR is indeed the quantile of the multivariate distribution function, whereas the upper-orthant VaR is the quantile of the multivariate survival function. In this paper we introduce a new approach introducing a total-order multivariate Value at Risk, referred to as the Kendall Value at Risk, which links the copula approach to an alternative definition of multivariate quantiles, known as the quantile surface, which is not used in finance, to our knowledge. We more precisely transform the notion of orthant VaR thanks to the Kendall function so as to get a multivariate VaR with some advantageous properties compared to the standard orthant VaR: it is based on a total order and, for a non-atomic and Rd-supported density function, there is no distinction anymore between the d-dimensional VaRs based on the distribution function or on the survival function. We quantify the differences between this new Kendall VaR and orthant VaRs. In particular, we show that the Kendall VaR is less (respectively more) conservative than the lower-orthant (resp. upper-orthant) VaR. The definition and the properties of the Kendall VaR are illustrated using Gumbel and Clayton copulas with lognormal marginal distributions and several levels of risk.
Guégan Dominique, Papa Ousmane Cisse et Abdou Ka Diongue	Note on a new Seasonal Fractionally Integrated Separable Spatial Autoregressive Model	In this paper we introduce a new model called Fractionally Integrated Separable Spatial Autoregressive processes with Seasonality and denoted Seasonal FISSAR for two-dimensional spatial data. We focus our attention on the class of separable spatial models whose correlation structure can be expressed as a product of correlations. This new modelling allows taking into account the seasonality patterns observed in spatial data. We investigate the properties of this new model providing stationary conditions, some explicit expressions form of the autocovariance function and the spectral density function. We establish the asymptotic behaviour of the spectral density function near the seasonal frequencies and perform some simulations to illustrate the behaviour of the model.
Havrylchyk Olena, Carlotta Mariotto, Talal Rahim, Marianne Verdier	What drives the expansion of the peer-to-peer lending?	Peer-to-peer lending platforms are online intermediaries that match lenders with borrowers. We use data from the two leading P2P consumer lending platforms, Prosper and Lending Club, to explore main drivers of their expansion in the United States. We exploit the heterogeneity in local credit markets at the county level to analyze three hypotheses for the penetration of online lenders: 1) crisis-related; 2) competition-related; and 3) innovation-related. Our findings support the crisis-related and competition-related hypothesis, as lending platforms have expended more to counties with overleveraged banks and lower density of branch network. At the same time, lending platforms have difficulty penetrating countries with high bank concentration. We also document that spatial, socio-economic and demographic characteristics determine the expansion of online lenders.



Hernando-Veciana Angel, Tröge Michael	Cheap Talk and Strategic Rounding in LIBOR Submissions	<p>This paper constructs a model of directed search in the interbanking market and tests its empirical implications with data from the LIBOR benchmark setting process. Interbanking rates were until recently based on judgmental estimates of borrowing costs published by a panel of banks. We interpret this as a cheap talk game that allowed banks to communicate nonverifiable information about their borrowing costs to potential counterparties. Under normal market conditions there is a welfare maximizing equilibrium where banks truthfully disclose their borrowing cost even if misstating cost is not penalized, but, in times of financial stress, only "coarse" equilibria survive, in which submissions are partially revealing of the bank's true borrowing rate. We take this prediction to the data and show that, indeed, the precision of the panel banks' individual estimates is chosen strategically. Banks round more frequently if the perceived riskiness of the bank increases. Rounding is also more frequent for the more liquid short term rates and for certain benchmark maturities. We discuss the implications of our results for the design of benchmark setting mechanisms and the ongoing LIBOR lawsuits.</p>
Kahalé Nabil	Efficient simulation of high dimensional Gaussian vectors	<p>We describe a Markov chain Monte Carlo method to approximately simulate a centered <math>d</math>-dimensional Gaussian vector <math>X</math> with given covariance matrix. The standard Monte Carlo method is based on the Cholesky decomposition, which takes cubic time and has quadratic storage cost in <math>d</math>. In contrast, the storage cost of our algorithm is linear in <math>d</math>. We give a bound on the quadratic Wasserstein distance between the distribution of our sample and the target distribution. Our method can be used to estimate the expectation of <math>h(X)</math>, where <math>h</math> is a real-valued function of <math>d</math> variables. Under certain conditions, we show that the mean square error of our method is inversely proportional to its running time. We also prove that, under suitable conditions, our method is faster than the standard Monte Carlo method by a factor nearly proportional to <math>d</math>. A numerical example is given.</p>
Kornprobst Antoine, with Bernis Guillaume Nicolas Brunel, and Simone Scotti	Stochastic Evolution of Distributions - Applications to CDS indices	<p>We use mixture of percentile function to model credit spread evolution, which allows to obtain a flexible description of credit index and their components at the same time. We show regularity results in order to extend mixture percentile to the dynamic case.</p> <p>We characterise the stochastic differential equation of the law of cumulative distribution function and we link it with the ordered list of the components of the credit index. The main application is to introduce a functional version of Bollinger bands. The crossing of bands by the spread is associated with a trading signal. Finally, we show the richness of the signals produced by functional Bollinger bands compared with standard one with a practical example.</p>

Laurent Jean-Paul, Michael Sestier, Stéphane Thomas	Trading book and credit risk: How fundamental is the Basel review?	Within the new Basel regulatory framework for market risks, non-securitization credit positions in the trading book are subject to a separate default risk charge (formally incremental default risk charge). Banks using the internal model approach are required to use a two-factor model and a 99.9% VaR capital charge. This model prescription is intended to reduce risk-weighted asset variability, a known feature of internal models, and improve their comparability among financial institutions. In this paper, we analyze the theoretical foundations and relevance of these proposals. We investigate the practical implications of the two-factor and correlation calibration constraints through numerical applications. We introduce the Hoeffding decomposition of the aggregate unconditional loss to provide a systematic-idiosyncratic representation. In particular, we examine the impacts of a J - factor correlation structure on risk measures and risk factor contributions for long-only and long-short credit-sensitive portfolios.
Mariotto Carlotta, Verdier Marianne	Competition between a platform and merchants for selling services	In this paper, we study competition between a platform and merchants for selling services. In our setting, consumers can buy different versions of the same product either through a platform or directly from a merchant. The platform's and the merchant's selling services are differentiated both on the consumers' side and on the merchants' side. We examine whether restrictions that are imposed by platforms to sellers such as price parity or single-homing clauses reduce consumer surplus. We show that in some cases, the platform can impose restrictions that are socially optimal.
Mariotto Carlotta, Verdier Marianne	The Role of Merchants' Pass-Through in Payment Platform Markets	In this article, we construct a general model of a card platform that unifies the literature on interchange fees. We enrich the existing frameworks by analyzing the choice of the interchange fee when consumer demand is elastic to prices. We show that the difference between the privately set structure of payment card fees and the socially optimal one depends both on banks' and merchants' pass-through of their costs to consumers. We argue that merchants' pass-through of their transaction costs to consumers impacts the redistributive effects of the interchange fee.
Martin-Flores, Jose Moussu, Christophe	Is Bank Capital Sensitive to a Tax Allowance on Marginal Equity?	The existence of an unequal tax treatment between debt and equity has been identified as an explanatory factor of bank leverage. We examine the impact of the introduction of a tax allowance in Italy, granted to banks (and other firms) increasing their equity from a base year. Interestingly, this mechanism was repealed after two years which allows us to test the existence of a hysteresis effect associated to bank capital. Using a difference-in-differences setting, we observe a 44 basis points increase in bank capital following the implementation of this reform and a 70 basis points decrease following its repeal. This result proves the absence of hysteresis as bank capital decreases after the incentive is removed. We document a heterogeneous effect for large and small banks, as only smaller banks react to the tax incentive. In line with the literature, our results show that banks react to tax incentives on equity. However, our findings cast some doubt on the effectiveness that using a tax shield on marginal equity could have from financial regulation perspective.



Mellios C. and Lai A. (2015)	Delegated Portfolio Management under Loss Aversion	TBC
Mellios C. and Sakka E. (2015)	How Legislation, REIT System and Taxes Influence REITs Returns Sensitivity to Macroeconomic and Financial Factors? An International Perspective	TBC
Mellios C. and Sakka E. (2015)	Cross-Sectional Expected European REITs Returns: Does Volatility Matter ?	TBC
Mellios C. and Sakka E. (2016)	Which Macroeconomic and Financial Factors Affect Real Estate Prices in Paris ? An International Perspective	TBC
Mellios C., O. Kettani, et A. Reghai (2015)	A Sensitivity-Based Approach for CVA Valuation	TBC
Mellios C., O. Kettani, et A. Reghai (2016)	CVA Capital Requirements under the new Regulation FRTB Framework: A Comparative Study	TBC
Mitic Peter	Can Reputation replace Regulation?	Recent high profile breaches of regulation by prominent financial institutions (for money laundering, conduct breaches, illegal trading etc.) suggest that self-regulation is ineffective. Intuitively, a tarnished reputation as a result of regulatory breaches is something that an organisation will want to avoid. The conjecture that such reputational damage will encourage an organisation to improve its performance appears to be unsubstantiated. Hitherto there has been no objective measure to test this conjecture, but widespread use of data mining and sentiment analysis in the past ten years has made it possible and feasible to measure reputation objectively. We demonstrate that reputational damage is not a significant deterrent against regulatory breaches by measuring reputation following regulatory breaches. Furthermore, imposing regulatory fines also appears to be no deterrent. We speculate that customers are prepared to tolerate large regulatory breaches: retail customers provided they are not affected personally, and corporate customers as long as investments do not devalue. As a result, external regulation remains necessary.

Mitic Peter	Conduct risk: Distribution models with very thin tails	Regulatory requires dictate that financial institutions must calculate risk capital (funds that must be retained to cover future losses) at least annually. Procedures for doing this have been well-established for many years, but recent developments in the treatment of conduct risk (the risk of loss due to the relationship between a financial institution and its customers) have cast doubt on 'standard' procedures. Regulations require that operational risk losses should be aggregated by originating event. The effect is that a large number of small and medium-sized losses are aggregated into a small number of very large losses, such that a risk capital calculation produces a hugely inflated result. To solve this problem, a novel distribution based on a probability density with an $\exp(-x^4/(2s^2))$ component is proposed, where $s$ is a parameter to be estimated. Symbolic computation is used to derive the necessary analytical expressions with which to formulate the problem, and is followed by numeric calculations in R. Goodness-of-fit and parameter estimation are both determined by using a novel method developed specifically for use with probability distribution functions. The results compare favourably with an existing model that used a LogGamma Mixture density, for which it was necessary to limit the frequency and severity of the losses. No such limits were needed using the $\exp(-x^4/2)$ density.
Moretti Luigi with Nauro F. Campos Fabrizio Coricelli	Economic Growth and Political Integration: Estimating the Benefits from Membership in the European Union Using the Synthetic Counterfactuals Method	This paper presents new estimates of the economic benefits from economic and political integration. Using the synthetic counterfactuals method, we estimate how GDP per capita and labour productivity would have behaved for the countries that joined the European Union (EU) in the 1973, 1980s, 1995 and 2004 enlargements, if those countries had not joined the EU. We find large positive effects from EU membership but these differ across countries and over time (they are only negative for Greece). We calculate that without deep economic and political integration, per capita incomes would have been, on average, approximately 12 percent lower.
Moretti Luigi with Nauro F. Campos Fabrizio Coricelli	Norwegian Rhapsody? The Political Economy Benefits of Regional Integration	This paper investigates whether joint economic and political integration leads to larger economic benefits than just economic integration. The identification strategy rests on the fact that Norway, at the time of the 1995 Enlargement of the European Union (EU), had successfully completed negotiations and fulfilled all accession requirements, taken membership in the European Economic Area (with full access to the Single Market), but decided in a referendum to reject full-fledged EU membership. Using the differences-indifferences and synthetic control methods with regional data, we find substantial politically driven economic benefits from EU membership: if Norway had joined the EU in 1995, productivity levels between 1995 and 2001 would have been 6% higher on average.

Moretti Luigi with Stefano Galavotti Paola Valbonesi	Sophisticated Bidders in Beauty- Contest Auctions	We study bidding behavior by firms in beauty-contest auctions, i.e. auctions in which the winning bid is the one which gets closest to some function (average) of all submitted bids. Using a dataset on public procurement beauty-contest auctions, we show that firms' observed bidding behavior departs from equilibrium and can be predicted by a sophistication index, which captures the firms' accumulated capacity of bidding close to optimality in the past. We show that our empirical evidence is consistent with a Cognitive Hierarchy model of bidders' behavior. We also investigate whether and how firms learn to bid strategically through experience.
Moussu Christophe Arthur Petit- Romec	ROE in Banks : Myth and Reality	Return on Equity (RoE) is a central measure of performance in the banking industry, which is used to allocate capital inside and across divisions. The reliance on this metric emerged from the risk management approach to banking which underlies bank capital regulation. Using the financial crisis, we reveal that the pre-crisis RoE has a strong impact on the destruction of value for shareholders for a sample of large banks in 28 countries. This impact is very robust to the introduction of numerous observable risk variables, the restriction of the sample to deposit-taking banks and alternative definitions of RoE. We document a sensitivity of bank CEO compensation to RoE. Our results strongly suggest that the reliance on RoE as a performance measure is a key incentive to excessive risk-taking in banks.
Perez Michel	Extraterritoriality and the Enforcement of American Anti Money Laundering ("AML") Regulations in Europe: the Case of the Principality of Andorra. Conflict of Jurisdictions, Implications and Proposals for Reforms.	TBC
Poulain Mathilde	Are Financial Regulators Insulated from Regulatory Capture ?	The controversy around regulatory capture <sup>1</sup> in financial regulation <sup>2</sup> has started in the aftermaths of the financial crisis and is ever kept current. Numerous academics and officials highlighted the responsibility of undue influence in the failure of the prudential oversight of the financial system. In 2011, the Financial Crisis Inquiry Commission report concludes that regulatory capture created a favorable environment for the relaxation of the regulatory and supervisory pressures in the years prior to the crisis [Pagliari, 2012]. Regulatory capture is therefore especially consequential for financial policy outcomes.

Poulain Mathilde	Exploring Agencies Architecture	<p>This paper offers a general assessment of agencies' governance practices in order to explain their differences. It explores sectoral and regional variations according to three dimensions: Independence, Accountability and Integrity. While Independence and Accountability have often been investigated, examining Integrity, defined as independence from the interest groups, is innovative and unprecedented. The results show that adding a measure of Integrity does not provide more information regarding agencies disparities because there is a generalized lack of Integrity prescriptions. Regulators seem to face challenges in accessing to sufficient industry information and knowledge. When associated with low budgetary independence, the provision of information is done to the detriment of agencies' Independence vis-a-vis the industry. Independence and Accountability arrangements are to some extent contingent on the regulatory domain. However, the impact of regulatory domains is highly variable from one to another as only extra-national sectors seem to develop a certain harmonization of governance practices. Keywords: Agencies; Regulation; Governance; Technocrats; Regulatory Domain; Administrative Traditions</p>
Raimbourg Philippe, F. Salvadè	Rating announcements, CDS spread ad volatility during the European sovereign crisis	<p>This paper aims to study the effects of sovereign rating actions on CDS market from 2008 to the 2013. Is there any information transmission when a rating agency discloses its new ratings? Can a downgrading or a negative credit watch help to stabilize the CDS market? We investigate these questions by looking at the evolution of Sovereign CDS spread and volatility of European countries. For investment grade countries, we find that the downgrading and negative credit watch announcement decrease the spread volatility and stabilize the spread level. On the opposite, the downgrading of a non-investment grade country makes the spread volatility and the spread level jump. We observe the same evolution for the German CDS in case of a rating action involving another country of the Euro area.</p>

Roe Mark J. and Tröge Michael	Containing Systemic Risk by Taxing Banks Properly	<p>At the root of recurring bank crises are deeply-implemented incentives for banks and their executives to take systemically excessive risk. Since the 2008–2009 financial crisis, regulators have sought to strengthen the financial system by requiring more capital and less risk-taking, principally via command-and-control rules. Yet bankers' baseline incentives for risk-taking remain intact. A key but underappreciated reason for banks' excessive risk-taking is the structure of corporate taxation. Current tax rules penalize equity and boost debt, thereby undermining the capital adequacy efforts that have been central to the postcrisis reform agenda. This tax-based distortion incentivizes financial firms to undermine regulators' capital adequacy rules, either transactionally or by lobbying for their repeal. The resulting debt-heavy structure not only renders banks fragile but also pushes them toward excessively risky strategies. This result is not inevitable. By repurposing tax tools used elsewhere, we show how the safety-undermining impact of the corporate tax can be reversed without affecting the overall level of tax revenue that the government raises from the financial sector. Existing studies indicate that the magnitude of the resulting safety benefit should rival the size of all the post-crisis regulation to date. Thus the main thesis we bring forward is not a small or technical claim. Standard bank regulatory style is command-and-control and, while much can be and has been accomplished with the standard style, it has its limits. And in today's political environment, current safety rules' continuance may not be viable, as repeal of recent regulatory advances, not their refinement, has become a serious possibility. Yet rolling back the post-crisis regulatory advances without addressing the underlying risk-taking incentives would be unwise. While our policy preference would be to supplement and not replace traditional and recent regulation with the tax reform, any major rollback makes reducing the risk-taking tax distortion more urgent than ever.</p>
Salé Laurent	Does an increase in capital negatively impact banking liquidity creation?	<p>From a dataset composed of a panel of 940 listed banks based in European, American and Asian countries, this paper documents the evolution of bank liquidity creation over a 35-year period (1981-2015). The empirical evidence confirms that risk and equity levels play a significant and negative role. Overall, the negative effects of equity increases on bank liquidity creation are more significant than corresponding positive effects on risk management, suggesting that capital requirements imposed to support financial stability negatively affect liquidity creation. These findings have broad implications for policymakers.</p>

Salvadè Federica	Is Less Information Better Information? Evidence from the Credit Rating Withdrawal	This paper examines the stock market reaction to two different types of credit rating withdrawals by Moody's. The first type of withdrawal happens when a firm stops being rated. This happens when, for example, firms choose to no longer pay for a rating. We find that the stock market reaction depends on the information which remains available. The second type of withdrawal is due to Moody's policy of removing issuer rating and keeping corporate family rating for the same firm. Corporate family rating is usually more favorable than issuer rating. The paper shows that the removal of the issuer rating leads to positive stock market reaction. We conclude that lower disclosure of rating information is not necessarily associated with higher cost of equity. Instead, our findings emphasize the incentive for firms to engage in ratings shopping by publishing only the most favourable ratings.
Salvadè Federica	The event of credit rating withdrawal: what happened? What followed?	TBC
Salvadè Federica	The Information Content Of Ratings: Survey And Policy Implications	Policy makers and market participants debate about the role of credit ratings agencies and potential reforms to improve the industry. This article contributes to the discussion by summarizing empirical evidences on the quality of ratings information and how it is altered by competition and conflicts of interest. I show that ratings influence the market price but they have low power in forecasting defaults. Moreover, the ratings quality is currently affected by the presence of conflicts of interest.
Souchaud Antoine	Deus ex machina in the "regulatory space" of lending in France The recognition of crowdlending faced with the banking monopoly	Regarded by some as a "divine surprise" and others as a "dramatic inconsistency", the creation of an exception to France's banking monopoly on lending for all platforms adopting the new crowdfunding intermediary (Intermédiaire en Financement Participatif or IFP) status came like a bolt from the blue. However, no real explanation for this upheaval has yet been offered. This paper is an attempt to understand how a regulatory breach came to appear in the banking monopoly in such a short space of time. Our main findings are as follows: - The banking monopoly on lending was a regulatory principle that, for the near unanimity of actors in the field, sorely lacked legitimacy from an intellectual point of view. - A professional organization representing crowdlending platforms presented a co-construction approach as part of the solution in the authorities' battle against the economic crisis. - The director of one crowdlending platform emerged as a powerful institutional entrepreneur, taking on the role of a nomothete in the new regulatory incubator. - Ministerial and presidential cabinets played an unprecedented and extremely active role in this movement. - The banking monopoly's natural supporters remained divided, ill prepared and undecided as to the positions to adopt during negotiations.

Yuri Biondi and Feng Zhou	Interbank credit and the money manufacturing process. A systemic perspective on financial stability	<p>Interbank lending and borrowing occur when financial institutions seek to settle and renance their mutual positions over time and circumstances. This interactive process involves money creation at the aggregate level. Coordination mismatch on interbank credit may trigger systemic crises. This happened when, since summer 2007, interbank credit coordination did not longer work smoothly across financial institutions, eventually requiring exceptional monetary policies by central banks, and guarantee and bailout interventions by governments.</p> <p>Our article develops an interacting heterogeneous agents-based model of interbank credit coordination under minimal institutions. First, we explore the link between interbank credit coordination and the money generation process. Contrary to received understanding, interbank credit has the capacity to make the monetary system unbound. Second, we develop simulation analysis on imperfect interbank credit coordination, studying impact of interbank dynamics on financial stability and resilience at individual and aggregate levels. Systemically destabilizing forces prove to be related to the working of the banking system over time, especially interbank coordination conditions and circumstances.</p>
Zhao Lei	Credit risk “Beta”: the systematic aspect of bank default risk	<p>Using information in US and European bank and sovereign Credit Default Swap (CDS) spreads we study the systematic component of banks’ credit risk that stems from their common exposure to sovereign default risk. Based on a default intensity model, we propose a measure of the “multiplier” of risk transmission from a sovereign to a local bank—credit risk Beta (c-Beta). During our sample period 2008-2014, on average US banks are much less sensitive to sovereign risk than their European counterparts. Across countries within Europe, the systematic component accounts for quite different proportions of the total bank default risk. We also empirically confirm the asset holdings channel of the risk contagion theory by showing that a bank’s c-Beta estimated with our model is positively related to its holdings of sovereign debt. Our findings have policy implications with respect to financial stability.</p>
Zhao Lei, Ioannis Oikonomou, and Chao Yin	Investment Horizon and Corporate Social Performance: The Virtuous Circle of Long-Term Institutional Ownership and Responsible Firm Conduct	<p>We investigate the relationship between corporate social performance and institutional ownership. We distinguish between long-term and short-term institutional investors using holdings-based measures which directly capture the investment horizon of each institution. Our analysis shows that long term institutional investment is positively related to corporate social performance (mainly by an avoidance of investing in firms with significant controversies) whereas short-term institutional investment is negatively related to corporate social performance. Further investigation reveals that increased holdings of a firm by long-term investors are positively associated with future corporate social performance of the firm. Hence, we provide evidence of a “virtuous circle” between long term investment and social responsibility.</p>



# 16. Table index

- Table 1. Number of Labex ReFi members .....5
- Table 2. Number of associated researchers (by research unit and status) .....5
- Table 4. International Advisory Board ..... 7
- Table 3. Strategic Advisory Board .....8
- Table 5. Number of publications in peer reviewed journals in 2016 by rank (as of December 2016) ..20
- Table 6. Synthetic table of publications and other research studies by Labex Members in 2016 .....20
- Table 7. List of invited professors in 2016.....24
- Table 8. List of databases available to Labex members ..... 27
- Table 9. List of PhD students who defended their thesis in 2015 (2) and 2016 (5) .....32
- Table 10. Breakfast debate Labex & EIFR, 2016 .....34
- Table 11. List of conferences in 2016.....37
- Table 12. List of conferences organized by Ethics & Finance Chair in 2016 .....38
- Table 13. Labex Research Seminar, ReFi series, Fall 2016 – Spring 2017 .....48
- Table 14. Labex Research Seminar, ReFi series, Fall 2015 – Spring 2016 .....50
- Table 15. Research Seminar, Law & Finance series, Fall 2016 – Spring 2017 ..... 51
- Table 16. Research Seminar, Law & Finance series, Fall 2015 – Spring 2016.....52
- Table 17. Research Seminar, PhD series, 2015 –2016.....53
- Table 18. Research Seminar, Ethics & finance series, Fall 2016 – Spring 2017.....54
- Table 19. Research Seminar, Ethics & finance series, 2015.....55
- Table 20. List of workshops, Fall 2015 – Spring 2016 .....56
- Table 21. Breakfast debate Labex & EIFR, 2016 ..... 57
- Table 22. List of publications in peer reviewed journals in 2016 .....59
- Table 23. List of working papers in 2016.....66



This report was coordinated by  
Fahmi Ben Abdelkader, Scientific coordinator of LabEx ReFi

Contact: [fahmi.ba@labex-refi.com](mailto:fahmi.ba@labex-refi.com)



ACADEMIC  
EXCELLENCE  
FOR SMART  
FINANCIAL  
REGULATION

The LabEx ReFi is an excellence research laboratory dedicated to the study of regulation policies. It aims to improve the understanding of financial systems and regulations' implications, and to provide public authorities with independent academic expertise and guidelines for action

[www.labex-refi.com](http://www.labex-refi.com)

Founding members of LabEx ReFi

---



le cnam

