

## **Labex ReFi International Advisory Board**

September 7, 2018

### **Minutes**

*Attending:* Franklin Allen (Imperial College), Jan-Pieter Krahnén (Frankfurt), Jill Fisch (Berkeley/Penn), Gerard Hertig (ETH Zurich, chair), Mark Roe (Harvard), Marti Subrahmanyam (NYU), Shyam Sunder (Yale).

*Apologies:* Patrick Bolton (Columbia), Elena Carletti (Bocconi), Jean-Charles Rochet (Geneva).

### **I. IAB MEETING OBJECTIVES AND AGENDA**

The International Advisory Board (IAB) was set-up in the wake of the Labex ReFi mid-term evaluation. Its core mandate is to evaluate Labex ReFi research output, while also taking into account policy work.

In line with this mandate, the agenda's items were: 1) Research activities and 2) Labex extension request; 3) Getting familiar with the work of emerging Labex researchers.

### **II. RESEARCH ACTIVITIES**

1. In its 2016 Report, the IAB pointed out that Labex ReFi researchers were providing significant contributions to the European regulatory debate. The IAB deemed it important that, going forward, Labex ReFi research would continue to provide a state-of-the-art picture of European financial regulation.

In its 2017 Report, the IAB evaluated 16 Labex ReFi research papers. Based on a 1 (excellent) to 5 (inexistent) scale, 9 papers were rated 1 or 2 for originality and regulatory value added and 8 papers rated 1 or 2 for contribution to the law & finance discourse. These were considered to be very good results.

2. For its 2018 Report, the IAB paid specific attention to publication outputs. From a quantitative perspective, the doubling in the number of articles published in peer-reviewed journals and the tripling of articles ranked A by the HCERES over the 2011- 2017 period was deemed impressive.

The IAB also notes that this evolution is not merely quantitative, as highlighted by the growing number of articles published in top ranked journals such as the Review of Financial Studies, Journal of Financial Economics, Review of Finance, and Management Science.

3. These quantitative and qualitative improvements have enhanced the Labex ReFi's reputation, both in France (as evidenced by the CNRS support of the Labex extension request) and internationally (as evidenced by Labex ReFi joining NYU and SAFE Frankfurt as organizer of an annual Law & Finance conference).

### **III. LABEX POST 2019 EXTENSION REQUEST**

1. The IAB then discussed the Labex ReFi the Finance & Society, Risks and Finance & Technology projects that are part of the Labex ReFi post-2019 extension request.

In particular, the IAB sees great potential in the projects aiming at 1) rethinking the model for financial institutions and the role/effectiveness of financial regulation; 2) focusing on financial governance and moving from micro to macro-prudential regulation; 3) better anticipating changes in financial markets, in particular by collecting data from new sources.

More generally, the rich pipeline of ongoing and projected research work is likely to allow the Labex ReFi to move from being the dominant French Law & Finance research network to becoming a global player. This research work also has the potential of a) providing new responses to existing issues and b) addressing emerging issues of significant importance for financial markets at large.

2. In view of the above, the IAB has issued a statement supporting the Labex ReFi's extension request (reproduced at the end of the present minutes).

#### IV. EMERGING LABEX RESEARCHER

Given that the 2019 IAB meeting will not be a virtual one and take place in Paris in June 2019, this provides an opportunity to meet emerging Labex researchers and discuss their work.

More specifically, said reserchers will be able to present their ongoing work and to get feedback by a discussant and engage in an exchange with the IAB at large.

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##### *IAB Statement Supporting the Labex ReFi 2019-2024 Extension Request*

1. The International Advisory Board (IAB) was set-up following the Labex ReFi 2015 mid-term evaluation. Its core mandate is to evaluate Labex ReFi *research* output, while also taking into account policy work. The IAB comprises ten well-known finance, economics and law professors: Franklin Allen, Patrick Bolton, Elena Carletti, Jill Fisch, Gerard Hertig (chair), Jan-Pieter Krahen, Jean-Charles Rochet, Mark Roe, Marti Subrahmanyam and Shyam Sunder.

2. In its Report for 2016, the IAB pointed out that Labex ReFi researchers were providing significant contributions to the European regulatory debate. The IAB deemed it important that, going forward, Labex ReFi research would continue to provide a state-of-the-art picture of European financial regulation.

In its Report for 2017, the IAB specifically evaluated 16 Labex ReFi research papers, with in depth evaluation, by two IAB members for each paper. The basic idea was not to rank them, which is more objectively done by looking at the journals in which they are ultimately published (see *infra* 3). Instead, the IAB wanted to get a sense of the state of Law & Finance interactions based on three criteria: a) originality, b) regulatory value added and c) contribution to the law & finance discourse.

Based on a 1 (excellent) to 5 (inexistent) scale, the review graded 9 papers with 1 or 2 for originality and regulatory value added and 8 papers with 1 or 2 for contribution to the law & finance discourse. The IAB considered these to be very good results, especially given the difficulties inherent to pluri-disciplinary work and the rather recent setting up of the Labex ReFi.

3. The IAB has up-dated its research evaluation in view of the ongoing Labex ReFi extension procedure. Its previous Reports having focused on research papers, the IAB paid specific attention to publication outputs. From a quantitative perspective, it is impressive to see that, between 2011 and 2017, there has been a doubling of the number of articles published in peer-reviewed journals and a tripling of articles ranked A by the HCERES (not taking into account law and mathematics contributions, which are not ranked by HCERES).

The IAB also notes that this evolution is not merely quantitative, as highlighted by the growing number of articles published in top ranked journals such as the Review of Financial Studies, Journal of Financial Economics, Review of Finance, and Management Science.

4. Looking forward, the IAB considers that the ongoing *Finance & Society* and *Risks* projects as well as the new *Finance & Technology* projects will further reinforce Labex ReFi research output and reputation. In particular, the IAB sees great potential in the projects aiming at 1) rethinking the model for financial institutions and the role/effectiveness of financial regulation; 2) focusing on financial governance and moving from micro to macro-prudential regulation; 3) better anticipating changes in financial markets, in particular by collecting data from new sources.

This rich pipeline of ongoing and projected research work is likely to allow the Labex ReFi to move from being the dominant French Law & Finance research network to becoming a global player. It also has the potential of providing new responses to existing issues and to address emerging issues that are of significant importance for financial markets at large.

In view of the above, the IAB strongly supports the Labex ReFi's extension request. It very much hopes that the Labex ReFi will be able to pursue its innovative and important research work in coming years.