

How to Design Better Financial Regulation

– Regulatory Impact Assessment (RIA): A Key Policy Analysis Tool –

Wednesday

September 12, 2007

Getting to know Better Regulation and Regulatory Impact Assessment for Financial Industry

Seminar Objective:

Participants have learnt how to execute in their working experience the following items:

- Application of law and economics approach to policy design;
- Organization of the regulatory process along the prevailing EU practice;
- Involvement of stakeholders for qualitative/quantitative IA;
- Development of RIA/Better Regulation Units within respective regulators.

Session Objective:

Participants have learnt several aspects of the RIA process: organizational implications, various assessment methodologies, which steps the IA process is made up of, and practical applications.

Chair: Mr. Luigi Passamonti Head of Convergence Program, The World Bank

- 8:45 – 9:00 Registration of participants
- 9:00 – 9:15 Introduction and Context
- Welcome to Participants by the CEF Management and House-keeping information
 - Introduction of Participants
- 9:15 – 9:30 Course introduction and Context
Convergence Program
- 9:30 – 10:30 [Impact Assessment at Better Regulation Executive: how has the regulatory process been reshaped](#)
Ms. Helen Carrier, Senior Economist, Department for Business, Enterprise and Regulatory Reform (BERR), UK Government
- [BERR Impact Assessment Template](#)
- 10:30 – 11.00 *Break*
- 11:00 – 12:00 [A framework for assessing the costs and benefits of financial regulation](#)
Mr. Paul Gower, Senior Adviser, Oxera
- 12:00 – 12.30 Discussion, feedback and interventions
- 12:30 – 13:30 *Lunch Break*
- 13:30 – 14:00 [Keynote speech](#) addressed by *Mr. Stefan Nanu, General Director, Romania Ministry of Economy and Finance, SPI Committee Alternate Member*

- 14:00 – 15:00 [Illustration of draft Impact Assessment Guidelines prepared by CESR-CEBS-CEIOPS](#)
Dr. Alexandra Berketi, Senior Officer, CESR
- [CEIOPS Experience with Impact Assessment](#)
Ms. Sandra Wesseling, Senior Officer, CEIOPS
[CESR-CEBS-CEIOPS draft Impact Assessment Guidelines](#)
- [Impact Assessment Information Complement](#)
- 15:00 – 15:20 Discussion, feedback and interventions
- 15:20 – 16:00 Panel discussion on main principles raised from previous presentations
Members of panel: Ms. Carrier, Mr. Gower, Mr. Nanu, Dr. Berketi, Ms. Wessling
- 16:00 – 16:45 [Standard Cost Model: a key tool for policymakers to monitor effectively regulatory administrative burdens over time](#)
Mrs. Constanze Rübke, Consultant, Rambøll Management [by video-conference]
- [Reducing Administrative Burdens, by Danish Commerce and Company Agency](#)
- 16:45 – 17:00 Wrap up and end of session.

Thursday

September 13, 2007

Case Studies

Session Objective:

Participants have become more familiar with IA approach by going through a selected range of case studies which differed in qualitative/quantitative weights and analysis perspective.

Chair: Mr. John Pyne, Senior Regulator, Irish Financial Services Authority

- 9:00 – 10:30 [Impact Assessment and the regulatory design of Securitization in Croatia](#) (including discussion, feedback and interventions)
Mr. Velimir Šonje, Arhivanalitika General Manager and South-East Europe Regional RIA Program Deputy Director
- 10:30 – 11:00 *Break*
- 11:00 – 12:30 [Impact assessment in practice: MiFID Case study](#) (including discussion, feedback and interventions)
Mr. Stephen Dickinson, Senior Regulator, UK Financial Services Authority
- 12:30 – 14:00 *Lunch break*
- 14:00 – 14:40 [Credit fraud detection – RIA-based solution](#)
Mr. Pietro Scabellone, Head of Impact Assessment Unit, Italian Banking Association
- 14:40 – 15:00 Discussion, feedback and interventions
- 15:00 – 15:30 *Break*
- 15:30 – 16:30 [The Regulatory Impact Assessment on Post-trading Activities](#)
Mr. Sebastijan Hrovatin, DG Internal Market and Services, Financial Market Infrastructure Unit, European Commission

16:30 – 16:50	Discussion, feedback and interventions
16:50 – 17:00	Wrap-up
17:00 – 17:30	Live RIA exercise preparatory work <i>(Instructors met with their respective Working Groups and had a preliminary briefing on how to approach RIA applied to the case studies)</i>
17:30	End of session

Friday

September 14, 2007

Applying RIA to the Official Regulatory Process

Session Objective:

Participants have experienced a live RIA exercise on specific policy initiatives really implemented

Chair: Ms. Oana Nedelescu, Romania SPI Director of Analytics and Policy

Facilitators:

- Mr. Stephen Dickinson, Senior Regulator, British Financial Services Authority;
- Mr. John Pyne, Senior Regulator, Irish Financial Services Authority;
- Mr. Velimir Šonje, Arhivanalitika General Manager and South-East Europe Regional RIA Program Deputy Director.

Participants have practiced the Impact Assessment process, step by step, of the case studies illustrated the previous day, using the IA Guidelines illustrated by CESR representative in the first day.

Participants have been divided into three working groups (WGs), each supported by the respective case presenter. The case presenter, acting as facilitator, has provided assistance and guidance throughout the analytical exercise and has ensured that the plenary discussion takes place in a smooth manner.

9:00 – 13:00 Analytical RIA work
Break in between Facilitators outline the case studies presented previously. Working Groups are formed and the RIA application to case studies starts as illustrated in the table below:

13:00 – 14:00 *Lunch break*

14:00 – 16:30 Plenary discussion on IA exercises produced by groups

- [Credit Fraud Detection Case Study](#)
- [Croatia Securitization Case Study](#)
- [MiFID Case Study](#)

The following Slovenian Institutions and market participants have attended the plenary session as observers:

- Ms. Nataša Pukl, Director of the Banking Supervision Department, Bank of Slovenia;
- Mr. Aleš Butala, Advisor at the Department for Banking, Insurance, and Payment System at the Ministry of Finance;
- Mr. Boris Bajt, Head of Legal Office, UniCredit Bank, Slovenia

16:30 – 17:00 [Concluding Remarks and Next Steps](#)
Riccardo Brogi, Convergence Program and South-East Europe Regional RIA Program Director

The working groups were composed as follows:

Steps of the RIA Process	Purpose of each RIA Step	Croatia Securitization	MiFID/Post-trading	Credit databases
		Velimir Sonje	Stephen Dickinson	John Pyne
		WG # 1	WG # 2	WG # 3
1. Problem identification	To understand a market/Regulatory Failure analysis to establish whether or not there is an economic case at all for regulatory intervention	All 3 WGs jointly		
2. Development of "do nothing option"	To identify and state the status quo	Convergence <i>Mr. Riccardo Brogi</i>	Croatia Institute of Economics <i>Ms. Jelena Budak</i>	Bulgaria Financial Superv. Comm. <i>Ms. Katerina Gigova</i>
3. Development of alternative policy options	To identify and state alternative policies among them the "market solution" which consists in not intervening at all in the market and to rely on market forces alone to solve the problem	Croatia Ministry of Economy <i>Ms. Sanja Fišer</i>	Albania Bank of Albania <i>Mr. Artan Toro</i>	Kosovo Ministry of Economy <i>Mr. Mentor Osmanaj</i>
4. Definition of policy objectives	To identify the effects of policies. This will be useful to check whether the regulatory policy brings the market closer in line with organizational regulatory objectives	Albania Bank of Albania <i>Ms. Eteleva Gjonca</i>	Romania National Commission <i>Mr. Remus Carteleanu</i>	Montenegro Ministry of Finance <i>Mr. Vladimir Kavarić</i>
Analysis of impact				
5. Costs to users	To identify and state the costs borne by consumers under all options considered	Bulgaria Financial Superv. Comm. <i>Ms. Elena Paneva</i>	Croatia Ministry of Economy <i>Ms. Ana Vincent Šepić</i>	Montenegro Barents Group <i>Mr. Bruce Reid</i>
6. Benefits to users	To identify and state the benefits yielded by consumers under all options considered	Kosovo Ministry of Labour <i>Mr. Veli Lecaj</i>	Romania National Bank <i>Mr. Gabriel Valvoi</i>	Macedonia Ministry of Finance <i>Ms. Violeta Stojanovska Petrovska</i>
7. Costs to regulated firms and regulator	To identify and state the costs borne by regulator and regulated firms under all options considered	Serbia National Bank <i>Ms. Maja Marković</i>	Bulgaria Financial Superv. Comm. <i>Ms. Venelina Tomova</i>	Montenegro USAID Montenegro <i>Mr. Savo Djurović</i>
8. Benefits to regulated firms and regulator	To identify and state the benefits yielded by regulator and regulated firms under all options considered	Slovakia National Bank <i>Mr. Tomas Ambra</i>	Croatia Ministry of Economy <i>Ms. Helena Milkovic</i>	Slovenia Bank of Slovenia <i>Mr. Matej Pollick</i>
Public consultation				
9. Arrangements of consultation process	To identify all main relevant stakeholders that should be consulted, outline some questions to be discussed in the consultation and choose the possible way(s) consultation process might be run	Croatia Ministry of Economy <i>Ms. Jasminka Keser</i>	Slovenia Office of the President <i>Ms. Barbara Fakin</i>	Kosovo Ministry of Economy <i>Mr. Dugagjin Krasniqi</i>