Titles of publications are shown in *italics*.

ABF1 (Asian Bond Fund 1) 229–30
ABF2 (Asian Bond Fund 2) 230
ABMI (Asian Bond Markets Initiative) 144, 227, 228–9, 241–2
accounting methods and procyclicality 8
ACRAA (Association of Credit Rating Agencies in Asia) 230, 231
ADB (Asian Development Bank) 231
AEC (ASEAN Economic Community) 168
AEC Blueprint 168
AFSD (Asian financial stability dialogue) 19–21, 169–70, 173–4
and the FSB 170–72
Aiyagari, S.R. 71
AMCs (asset management companies) 14, 207
American International Group (AIG) 95
AMRO (ASEAN+3 Macroeconomic Research Office) 167, 172
Andritzky, J. 8
ASEAN Economic Community (AEC) 168
ASEAN Surveillance Process (ASP) 169
ASEAN+3
ABMI 228–9
Chiang Mai initiative 143, 149, 167, 227–8, 229
response to global crisis 241–2
ASEAN+3 FMM (Finance Ministers Meeting) 168, 241–2
ASEAN+3 Macroeconomic Research Office (AMRO) 167, 172
Asian Bond Funds 1 and 2 229–30
Asian bond markets 16–18, 221–44
Asian Bond Markets Initiative (ABMI) 144, 227, 228–9, 241–2
Asian Development Bank (ADB) 231
Asian financial crisis 200–201
as driver of financial integration 143–4
Asian financial stability dialogue (AFSD) 19–21, 169–70, 173–4
and the FSB 170–72
ASP (ASEAN Surveillance Process) 169
asset-backed securities 9, 94–109
and regulation 105–9
toxic assets 98–105
valuation 207–8
asset management companies (AMCs) 14, 207
asset prices and monetary policies 181–2
asset valuation 14, 206–8
asset write-downs 205–9
Association of Credit Rating Agencies in Asia (ACRAA) 230, 231
bad banks 14
Bagehot, W. 186
balance sheet consolidation 111
bank loan valuation 207
banking system, role of the state 180
bankruptcy 58
banks
EU-15 and new member states 139–41
government guarantees 186–8, 204–5
international lending and deposits 251
and investment finance 165
liquidity support 185–6
nationalization and privatization 193
recapitalization 13–14, 208–9
resolution 192–3
viability determination 190–91, 208–9

Basel Committee on Banking Supervision
and capital buffers 5
and securitized assets 242
benchmark bonds 266
Berger, A. 70
Bhagwati, J. 117, 159
bilateral swap arrangements, Chiang Mai Initiative 229
blanket government guarantees 186–7, 204–5
Blommestein, H. 266
bond markets, foreign 248–52, 263–6
bond issuers 258–60
development 263–6
key features 256–62
bond markets, regional 221–44
Asian 16–18, 227–35
impact of global financial crisis 237–42
motivation for 223–6
Boorman, J. 207
Borio, C.E.V. 36–7
Brazil, financial transaction tax 126
bridge banks 58–9
Brown, Gordon 125
Brunnermeier, M. 110, 146
buffers 5, 72
Burger, J.D. 244, 252

Calvo, G. 2
CAMELS ratings 4
capital account liberalization
and economic performance 116–20, 160–62
sequencing 120–22
capital buffers 5, 72
capital controls 127–9
capital flows
emerging market economies 115–31
Europe, impact of global financial crisis 148
large capital inflows 120, 122–5, 159–60
management 10–11
regulation 158–62, 173
capital instruments to mitigate procyclicality 72–3
capital insurance 61–2
capital market improvement, Asia 164–8
Cardarelli, R. 127
Carmichael, J. 34
carry trade transactions 164
Caruana, J. 71
cash reserve ratios 123
CDO, see collateralized debt obligations
Cecchetti, S. 181
central banks
and credit provision 206
and financial stability 39–41, 52
issuing securities 123
liquidity support 186, 203–4
regulatory role 3–4
and systemic risk oversight 213
and systemic stability regulation 38, 45–6
Chakraborty, S. 252
Chatusripitak, N. 250
Chiang Mai Initiative (CMI) 143, 149, 167, 227–8, 229
Chiang Mai Initiative Multilateralization (CMIM) 167, 241
China, People’s Republic of
cash reserve ratios 123
financial regulation 4
Cho, Y.J. 51
Čihák, M. 39
Citigroup 94
CMI (Chiang Mai Initiative) 143, 149, 167, 227–8, 229
CMIM (Chiang Mai Initiative Multilateralization) 167, 241
collateralized debt obligations (CDOs) 94–109
Asian market 229
and financial regulations 105–9
market collapse 105
market growth 97–8
and securitization 96–8
simulation model 99–105
Colombia, dynamic provisioning 80–81, 83–9
contingent capital 61–5
Index

controls on withdrawals 205
cooperation and coordination, regional 15–22
  Asian 167–74
  Europe 141–2
coordination
  crisis management 12–13
  policy responses for crisis containment 185
corporate bankruptcy 58
council approach to systemic stability regulation 45–6
countercyclical measures 7–8
  Colombia 80
covered bonds 109
credit-based provisioning 83
credit demand, Asia 165
credit rating agencies 10
  discrepancies between global and regional agencies 235
  and local currency bond markets 224–5
  regional 230–31
cyclical provisioning, Peru 82–3
davies, H. 213
de Larosière, J. 148
deleveraging 207
DeMarzo, P. 97
demyanyk, Y.S. 53
deposit insurance 15, 57–8
Diamond, D. 94, 95
discretionary counter-cyclical regime 72
disintermediation 252
Dodd–Frank Act 41, 42
domestic bond markets 253–6, 262
domestic firms, special resolution regimes 58–9
domestic loan funding, Asian EMEs 126
Drysdale, P. 20
dynamic provisioning 69–91
early warning systems 163–4, 173, 183–4
economic effects of capital account liberalization 116–20
economies of scale, local currency bond markets 223–5
ECU (European Currency Unit) bonds 243
Edison, H.J. 162
Ehrmann, M. 226
Eichengreen, B. 16, 240, 243, 265
EMEAP (Executives’ Meeting of the East Asia Pacific Central Banks) 167, 229–30
emerging market economies, capital flows 115–31
equity market liberalization, effects on growth 119
European Currency Unit (ECU) bonds 243
European Monetary Union, effect on bond markets 226
European Systemic Risk Board (ESRB) 19, 44–5
European Union (EU) bond markets 18, 223–4
  coordination and monitoring 141–2
  current account imbalances 141
  financial integration 138–41, 150–51
impact of global financial crisis 146–9
stability reform plan 43–5
subsidiarity 168–9
eurozone
bond markets 226
and financial crisis 18–19
financial integration 138–9, 150–51
exchange rates
and capital flows 119–20
and macroeconomic surveillance 164
Executives’ Meeting of the East Asia Pacific Central Banks (EMEAP) 167, 229–30

fair value accounting 8
Ferri, G. 224
financial architecture weakness and financial crisis 31–2
financial cooperation, Asia 167–8
financial crisis, see Asian financial crisis; crisis containment; crisis management; crisis prevention; crisis resolution; global financial crisis
financial integration
Asia 143–5, 151
Europe 138–42, 150–51
impact of crisis 149–50
financial product regulation 8–9, 106–7
financial regulation, see regulation
financial stability and local currency bond markets 223
Financial Stability Board (FSB) 73
and AFSD 170–72
Financial Stability Forum (FSF) 170–71
Financial Stability Oversight Council 42
financial surveillance 33–4
financing crisis resolution, Korea 191–2
fiscal policy
and capital control 127
and financial regulation and supervision 142
Flannery, M.J. 62–3
foreign bond markets 248–52
characteristics 256–62
development 263–6

foreign securities holdings, Asia 234–5
formula-driven counter-cyclical regime 72
FSB, see Financial Stability Board
FSF, see Financial Stability Forum
fully integrated model for systemic stability regulation 46
Fund of Bond Funds 230

GDP-based provisioning 83–6
generic provisions 80
Peru 81–3
Gertler, M. 71
global financial crisis
and Asian bond markets 237–42, 254
and Asian EMEs 125–8
and capital controls 124–5
causes 30–32, 157–8
effect on Asia 201–2
and financial regulation and supervision 145–6
and regional financial integration
Asia 149–50
Europe 146–9
government bailouts 57
government guarantees 186–8, 204–5
government intervention, see state intervention
Green, D. 213
Greenspan, A. 223
Grenville, S. 121
Group of Twenty 110
Gruss, B. 71
Gürkaynak, R.S. 225–6

Hale, G.B. 18, 223
Handbook on International Best Practices in Credit Rating (ABD) 231
hedge funds 10
Henry, P.B. 119
herd behavior, investors 70
Herring, R.J. 250
High-Level Group on Financial Supervision 148–9
Hong Kong, China
countercyclical provisions 8
financial regulation 4
Hoschka, T.C. 17, 244, 249
Hsu, C.M. 4, 20
Index

Hüpkes, E.H.G. 59, 60
Hyun, S. 241

IMF and capital controls 127–8, 129
impaired assets 205–9
Korea 194–5
India, capital inflow management 122, 123–4
individual provisions 80
Ingves, S. 207
innovation, difficulty of regulation 55–6
Inoguchi, M. 249
institution-specific provisioning mechanisms 86
institutional financial integration, EU 139–41
interest rates
and asset bubble containment 182
and debt flow liberalization 121
international accounting standards (IAS) and dynamic provisioning 89
international banking and securities markets 250–52, 263
International Best Practices in Credit Rating, Handbook on (ADB) 231
international firms, special resolution regimes 59–60
international reserve currency 149–50
international securities 251, 263
intervention, see state intervention
investment finance 165–6
Ireland, bank leverage 111
issuance ordering, foreign bond markets 266
Jang, H.B. 241
Japan Bank for International Cooperation (JBIC) 229
Japan, pan-Asian bonds 229
KAMCO (Korea Asset Management Company) 194–5
Kashyap, A.K. 61–2
Kato, T. 95
Kawai, M. 159
KDIC (Korea Deposit Insurance Company) 194
King, M. 211
Kiyotaki, N. 69
Klein, M.W. 162
Korea
asset price control 182
bank nationalization and privatization 193
bank resolution 192–3
bank viability determination 191
capital flow control 122–3, 125
crisis resolution team 189
domestic bond market, impact of financial crisis 254
eyearly warning system 183–4
financing of crisis resolution 191–2
government guarantees 187
government securities yield curves 226
impaired assets 194–5
loan-to-deposit ratio 126
NBFI resolution 193–4
pan-Asian bonds 229
strengthening regulatory framework 195
Korea Asset Management Company (KAMCO) 194–5
Korea Deposit Insurance Company (KDIC) 194
Kose, M.A. 118, 119
Krugman, P. 94
Kuroda, H. 20
Lamberte, M. 159
Lamfalussy process 141
Lardy, N.R. 233
large capital inflows 120, 122–5, 159–60
de Larosière, J. 148
LCFIs, resolution regimes 59–61
leverage regulation 110–11
Liao, C.F. 4, 20
liberalization
capital flows 115–22, 162
East Asian economies 160
liquidity
Asian bond markets 232
benchmark bonds 266
liquidity support in crisis 185–6,
203–4
living wills 13, 212
local currency bond markets 221–44
Index

Long-Term Capital Management 110
Luengnaruemitchai, P. 16, 265

macroeconomic surveillance 33–4
macroprudential information gathering 52–4
macroprudential regulation 54–7, 109–11
macroprudential supervision 5–6, 33–47, 51–7
Manganelli, S. 226
market discipline structures 57–65
Market Stabilisation Scheme, India 123–4
maturity length, foreign bonds 258
Mayes, D.G. 60
McCauley, R.N. 123, 249
mega financial regulator of systemic risk 213–14
Mendoza, R.U. 2
microprudential monitoring 4–5
Miyoshi, T. 66
monetary integration and local currency bond markets 243
see also eurozone
monetary policies and asset prices 181–2
and financial crisis 31
Moore, J. 69
mortgage-backed securities 9, 94, 95

Narain, A. 71
nationalization, banks 193
NBFIs, resolving, Korea 193–4
New Zealand
bank recapitalization 14
cross-border resolutions 60
Non-Performing Asset Management Fund 194

Obstfeld, M. 117
openness, see liberalization
outflow liberalization 122

Padoa-Schioppa, T. 52, 138
Pan-Asia Index Fund (PAIF) 230
pan-Asian bonds 229
Park, Y. 249

partially asset-backed securitization 109
People's Republic of China, see China, People's Republic of Peru, dynamic provisioning 81–9
Podpiera, R. 39
policy
coordination of crisis response 185
failures as cause of financial crises 30–32
securitization 108–9
see also state intervention
Pomerleau, M. 34
Prasad, E.S. 118
PRC (People's Republic of China), see China, People's Republic of private issuance, Asian bond markets 232
privatization, banks 193
procyclicality 69–71
reduction 6–8, 71–3
securitized products 108
product regulation 106–7
provisioning 69–91
prudential regulation 180
prudential supervision 50–66
public funds for crisis resolution, Korea 191–2

Rajan, R. 60–61, 94, 95
rating agencies, see credit rating agencies
Ray, T. 252
recapitalization 13–14, 61, 209
regional bond markets, see bond markets, regional
regional cooperation and crisis management 15–22
regional coordination and monitoring, Europe 141–2
regional credit rating agencies 230–31
regional financial integration and regulation 137–52
Asia 19–21, 143–5, 149–50, 167–8
Europe 18–19, 138–42, 146–9
impact of global crisis 145–50
optimum level 168–9
regional monitoring and coordination of financial regulation 137–52, 168–72
regulation
  capital flows 158–62
  financial institutions 109–11
  macroprudential 54–7, 109–11
  microprudential 4–5
  and procyclicality 71
  securitized products 8–9, 105–9
  systemic risk 29–47
regulatory deficiencies and financial crisis 30, 162–3
regulatory framework strengthening 195
regulatory structure 3–4
rehabilitation and normalization 209–10
reporting requirements, securitized products 107–8
Republic of Korea, see Korea
Reserve Bank of New Zealand’s Creditor Recapitalization Project 14
reserve currency, international 149–50
residential mortgage backed securities (RMBS) simulation model 99–101
resolution
  banks 192–3
  NBFIs 193–4
Restoy, F. 89
restructuring of financial firms, state role 209–10
retail investors, financial product regulation 109
reverse convertible securities 62–5
risk, CDOs 100–105
  reporting requirements 107–8
  see also systemic risk
risk management 50–51
RMBS simulation model 99–101
Rodrik, D. 118, 128
Roldan, J.M. 89
Ryback, W.A. 52
savings, Asian countries 164–5
scale economies, local currency bond markets 223–5
securitized products 94–109
  CDOs 96–105
  and financial regulation 107–9
problems 98–105
  simulation model 99–105
  and systemic risk 107–8
  two-tiered securitization 230
Setboonsarng, S. 170
Sgherri, S. 71
shelf-bankruptcy 60–61
Shim, I. 36–7
Shin, H.S. 30, 48
Singapore
  capital controls 160
  financial regulation 4
Spain
  capital charge on off-balance-sheet credit 73
  dynamic provisioning 7–8, 74–80, 83–9
  special resolution regimes 58–60
  Spiegel, M.M. 18, 223, 240
Squam Lake Working Group (SLWG) 63
SRC (systemic risk council) 6, 214–15
stability reform plans 41–6
stabilization and containment phase, crisis management 202–5
state intervention 179–98, 200–215
  crisis containment 184–8, 202–5
  crisis prevention 180–84
  crisis resolution 188–95, 205–9
  restructuring financial firms 209–10
  systemic risk responsibility 213–15
statistical provisioning, see dynamic provisioning
sterilization 204
sterilization bonds 233
subprime securitized products 94–5
Subramanian, A. 118, 128
subsidiarity 168–9
supervisory deficiencies and financial crisis 30
suspension of banks 186–7
Sweden 3
syndicated loans 252
systematic risk, ABS CDOs 100–105
systemic capital charge 110
systemic provisioning mechanisms 86
systemic risk 212
  regulating 29–47
  responsibility for 6, 213–15
  and securitized products 107–8
systemic risk councils (SRC) 6, 214–15
systemic stability regulation 34–46
models 39–46
principles 34–9
Taipei, China
capital infl ow control 124
financial sector supervision 4
Takagi, S. 159
Thailand
capital flow controls 122, 125
government guarantees 187
Thoma, M. 61
time consistency and crisis
management 12
Tobias, A. 48
‘too important to fail’ institutions
211–12
toxic assets 98–105
Turner, A. 89, 125
two-tiered securitization process
230

UBS 94–5
Udell, G. 70
unifi cation of regulatory structure 3–4
United Kingdom, stability reform plan 43
United States
bridge banks 59
stability reform plan 41–3
unremunerated reserve requirements,
Thailand 122
valuation of assets 14, 206–8
Van Hemert, O. 53
Viet Nam, yield curve anomalies 238,
240
Warnock, F.E. 244, 252
Wessel, D. 48
Wolswijk, G. 226
yield curve anomalies
during crisis 238–40
less-developed bond markets 225–6