# Contents

#### Foreword

### Preface

xvii

1

Xİ

## PROLOGUE: A BIRD'S-EYE VIEW

**Financial** Anchitecture

Robert Whitelaw

**The Dodd-Frank Wall Street Reform and Consumer Protection Act** Viral V. Acharya, Thomas Cooley, Matthew Richardson, Richard Sylla, and Ingo Walter

#### PART ONE

- manolar Al Onitootal C	33
CHAPTER 1	
The Architecture of Financial Regulation	35
Thomas Cooley and Ingo Walter	00
CHAPTER 2	
The Power of Central Banks and the Future	
of the Federal Reserve System	51
Thomas Cooley, Kermit Schoenholtz, George David Smith, Richard Sylla, and Paul Wachtel	01
States is a second s	
CHAPTER 3	
Consumer Finance Protection	73
Thomas Cooley, Xavier Gabaix, Samuel Lee,	/0
Thomas Mertens, Vicki Morwitz, Shelle Santana,	
Anjolein Schmeits, Stijn Van Nieuwerburgh, and	
D 1 million of the state of the	

PART TWO			
Systemic Risk	85		
<ul> <li>CHAPTER 4</li> <li>Measuring Systemic Risk</li> <li>Viral V. Acharya, Christian Brownlees, Robert Engle, Farhang Farazmand, and Matthew Richardson</li> <li>CHAPTER 5</li> <li>Maxing Systemic Risk</li> <li>Viral V. Acharya, Lasse Pedersen, Thomas Philippon, and Matthew Richardson</li> <li>CHAPTER 6</li> <li>Capital, Contingent Capital, and Liquidity Requirements</li> <li>Viral V. Acharya, Nirupama Kulkarni, and Matthew Richardson</li> </ul>	87 121 143		
		CHAPTER 7 Large Banks and the Volcker Rule Matthew Richardson, Roy C. Smith, and Ingo Walter	181
		CHAPTER 8 Resolution Authority Viral V. Acharya, Barry Adler, Matthew Richardson, and Nouriel Roubini	213
<b>CHAPTER 9</b> <b>Systemic Risk and the Regulation of Insurance Companies</b> Viral V. Acharya, John Biggs, Hanh Le, Matthew Richardson, and Stephen Ryan	241		
PART THREE Shadow Banking	303		
CHAPTER 10 Money Market Funds: How to Avoid Breaking the Buck Marcin Kacperczyk and Philipp Schnabl	305		
CHAPTER 11 The Repurchase Agreement (Repo) Market Viral V. Acharya and T. Sabri Öncü	31		

Stephen Brown, Anthony Lynch, and Antti Petajisto         CHAPTER 13         Regulating OTC Derivatives         Viral V. Acharya, Or Shachar, and Marti Subrahmanyam         PART FOUR         Credit Markets         Credit Markets         Viral V. Acharya, T. Sabri Öncü, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White         CHAPTER 15         Regulation of Rating Agencies         Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White         CHAPTER 16         Securitization Reform         Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam	İX
Regulating OTC Derivatives Viral V. Acharya, Or Shachar, and Marti Subrahmanyam3PART FOUR Credit Markets4CHAPTER 14 The Government-Sponsored Enterprises Viral V. Acharya, T. Sabri Öncü, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White4CHAPTER 15 Regulation of Rating Agencies Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White4CHAPTER 16 Securitization Reform Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam4	851
Credit Markets4CHAPTER 14 The Government-Sponsored Enterprises Viral V. Acharya, T. Sabri Öncü, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White4CHAPTER 15 Regulation of Rating Agencies Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White4CHAPTER 16 Securitization Reform Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam4PART FIVE4	367
CHAPTER 144The Government-Sponsored Enterprises4Viral V. Acharya, T. Sabri Öncü, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White4CHAPTER 158Regulation of Rating Agencies4Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White4CHAPTER 16 Securitization Reform Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam4PART FIVE4	
The Government-Sponsored Enterprises4Viral V. Acharya, T. Sabri Öncü, Matthew Richardson, Stijn Van Nieuwerburgh, and Lawrence J. White4CHAPTER 15 Regulation of Rating Agencies4Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White4CHAPTER 16 Securitization Reform Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam4PART FIVE4	127
Regulation of Rating Agencies4Edward I. Altman, T. Sabri Öncü, Matthew Richardson, Anjolein Schmeits, and Lawrence J. White4CHAPTER 16 Securitization Reform Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam4PART FIVE	129
Securitization Reform       4         Matthew Richardson, Joshua Ronen, and Marti Subrahmanyam       4         PART FIVE       4	143
	169
Corporate Control 4	
	191
CHAPTER 17Reforming Compensation and Corporate Governance4Jennifer Carpenter, Thomas Cooley, and Ingo Walter4	193
CHAPTER 18Accounting and Financial ReformJoshua Ronen and Stephen Ryan	511
Epilogue 5	527
About the Authors 5	531
About the Blog 5	535
index 5	537