

## LENDER OF LAST RESORT

FRIDAY, 15 JANUARY 2016, 10.00AM TO 1.00PM [Registration begins at 9.30am]

LEE SHERIDAN CONFERENCE ROOM, EU TONG SEN BUILDING, FACULTY OF LAW, NUS BUKIT TIMAH CAMPUS

The principle of Lender of Last Resort, nowadays more commonly referred to as Emergency Liquidity Assistance, provides a bank with a privilege that no other financial institution, let alone non-financial company possesses: in a situation of liquidity shortages, the central bank steps in when markets shy away from providing financing to a bank. Often misunderstood, however, the principle was never meant to support insolvent banks. Only solvent banks were meant to have recourse to the inexhaustible sources of liquidity of central banks and invariably subject to strict conditions.

Such a principle fits perfectly into a monetary system where central banks provide limited or no financing to banks on a regular basis and where insolvencies of banks are resolved without their involvement. In times where unconventional monetary policy measures seem to become the new standard, however, the concept of Lender of Last Resort loses its distinct features. Standing facilities provide unrestricted amounts of financing to banks for attractive, i.e. market-aligned conditions and asset purchasing programmes flood banking markets with more liquidity than can be usurped by them – at least the additional application of ‘Quantitative Easing’ as a measure to bypass banks and provide liquidity to the economy in a more direct way seems to indicate this. What then is the current scope of application of Lender of Last Resort? Is the scope of application widened and the conditions softened to help this principle maintain a significant role in today’s world of expansionary monetary policy?

The issue will be discussed by three experts in the field of central banking:



**Douglas W. Arner**  
Professor, Faculty of Law, University of Hong Kong

Douglas W. Arner is a Professor in the Faculty of Law of the University of Hong Kong and Project Coordinator of a major five-year project funded by the Hong Kong Research Grants Council Theme-based Research Scheme on “Enhancing Hong Kong’s Future as a Leading International Financial Centre”. In addition, he is Co-Director of the Duke University-HKU Asia-America Institute in Transnational Law, and a Senior Visiting Fellow of Melbourne Law School, University of Melbourne. He has published fifteen books and more than 100 articles, chapters and reports on international financial law and regulation, including most recently *Reconceptualising Global Finance and its Regulation* (Cambridge 2016) (with Ross Buckley and Emiliios Avgouleas). He has served as a consultant with, among others, the World Bank, Asian Development Bank, APEC and European Bank for Reconstruction and Development, and has lectured, co-organised conferences and seminars and been involved with financial sector reform projects in over 20 economies in Africa, Asia and Europe. He has been a visiting professor or fellow at the Universities of London, McGill, Melbourne, New South Wales, Singapore and Zurich, as well as the Shanghai University of Finance and Economics and Hong Kong Institute for Monetary Research.

**Topic: Lender of Last Resort – Principles and Application**

Professor Arner will present the principle of Lender of Last Resort and elaborate on its principles and application, in the past as well as in the present. His practical references will predominantly focus on the Bank of England and Monetary Authority of Hong Kong.



**Lev Ratnovski**  
Economist, Research Department, The International Monetary Fund

Lev Ratnovski is an economist at the International Monetary Fund. As a member of the macro-financial team in the Research Department, he contributes to formulating Fund views and policies on bank regulation and structure, shadow banking, and global liquidity. In addition, Mr. Ratnovski covers IMF programs in Ireland, Portugal, Spain and Ukraine. Prior to the current assignment, Mr. Ratnovski worked on U.S. and Canada desks of the IMF (2008-10), and in the Financial Regulation division of the Bank of England (2006-08). Lev Ratnovski has published in *Journal of Financial Intermediation*, *Journal of Banking and Finance*, *Review of Finance*, and *International Journal of Central Banking*. His work has been featured on Bloomberg, Economist, Reuters, and Businessweek. Mr. Ratnovski holds a B.Sc. from HSE-Moscow and a Ph.D. from the University of Amsterdam.

**Topic: Current Monetary Policy Issues**

Mr Ratnovski will speak about research on current issues in monetary policy, focusing on the interaction between monetary and macroprudential policies, and on monetary policy and bank risk-taking.



**Christian Hofmann**  
Assistant Professor, Faculty of Law, National University of Singapore

Christian Hofmann holds a PhD (“Dr. iur.”) from the University of Halle-Wittenberg, a professorial qualification (“Habilitation”) from Humboldt-University Berlin, an LL.M. in Global Business Law from NYU and an LL.M. in Corporate and Financial Services Law from NUS. Prior to joining NUS law as an assistant professor, he held several faculty and research positions. He was a visiting professor at the University of Cologne (Germany) and Goethe-University Frankfurt (Germany), a visiting scholar and Humboldt Fellow at UC Berkeley, a Global Research Fellow at NYU School of Law and a law professor at the Private University in the Principality of Liechtenstein. He was also a senior legal counsel for the German Central Bank (‘Bundesbank’). Christian’s main research areas are regulation of financial institutions and markets, sovereign debt restructuring, company law and corporate governance, civil law and European Union law.

**Topic: Lender of Last Resort – Eurosystem and U.S. Federal Reserve System**

Dr Hofmann will discuss the practice of Lender of Last Resort by the Eurosystem and U.S. Federal Reserve System. In particular, the architecture of a currency union with a total of 20 implicated central banks comes with challenges for the principle of Lender of Last Resort.

### Programme

9.00am – 9.30am : Registration  
9.30am – 9.35am : Introduction  
9.35am – 10.05am : Presentation by Mr Lev Ratnovski  
10.05am – 10.50am : Presentation by Prof Douglas W. Arner  
10.50am – 11.10am : Tea Break  
11.10am – 11.40am : Presentation by Asst. Prof Christian Hofmann  
11.40am – 12.30pm : Panel Discussion

### Registration

There is no fee for this lecture, however seats are limited.

To register, please click [\[here\]](#) or scan:



### About Centre for Banking & Finance Law

The Centre for Banking & Finance Law (CBFL) at the Faculty of Law, National University of Singapore, seeks to generate scholarship and promote thinking about the vibrancy, robustness and soundness of the banking sector, capital markets and other financial services. Through the research our scholars undertake and the events we organise, we seek to create and share knowledge, to engage stakeholders in an exchange of ideas, and to enhance the appreciation of legal and regulatory issues. We aim to bring greater theoretical and analytical clarity to these issues, to examine their policy impact, and to be a catalyst for ideas on how to improve banking and financial systems at the national, regional and global levels.