

## The International Banking Library (IBL)

is a web-based platform for the exchange of research on cross-border banking. The IBL-Newsletter addresses researchers working on topics related to international banking, and provides the latest updates on new research and conferences in the field.

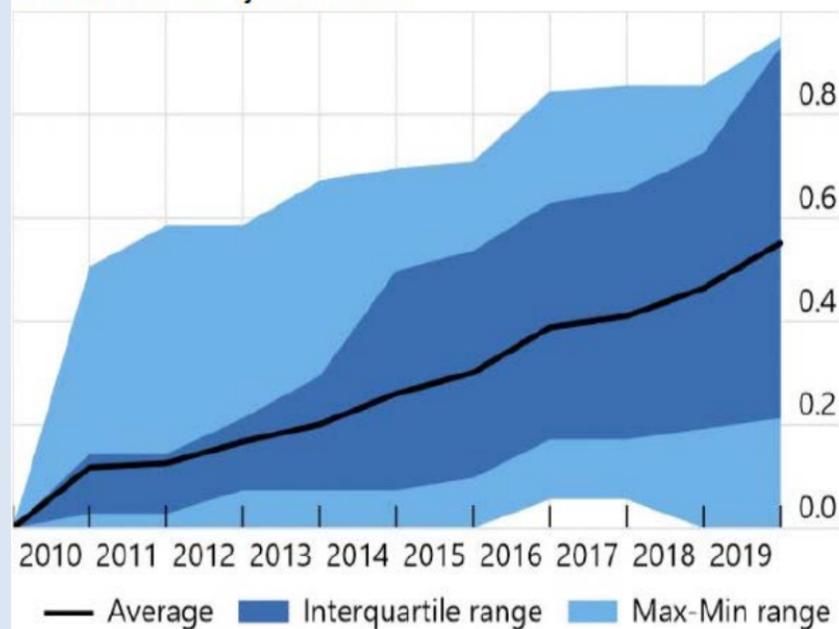
The third issue of 2020 features information about global liquidity, TBTF and derivatives market reforms.

## Evaluation of the effects of too-big-to-fail reforms

In a recent consultation report on the “Too-big-to-fail (TBTF) reforms” implemented in response to the global financial crisis, the FSB evaluates the impact of various measures in this framework and identifies shortcomings and improvement possibilities. The resolution reform index (RRI) illustrated on the right serves as a measurement of progress FSB jurisdictions have made in implementing the resolution reforms. Evidently, there has been an advancement concerning TBTF regulations, yet there is room for improvement. Responses to the consultation report can be addressed to [fsb@fsb.org](mailto:fsb@fsb.org) until September 30.

**Editors’ Note:** If you found this newsletter in your junk-mail folder, please **contact** us to give us the chance to resolve the problem.

## RRI across FSB jurisdictions



**Source:** Financial Stability Board (2020). Consultation Report: Evaluation of the effects of too-big-to-fail reforms, June 2020. Switzerland: Financial Stability Board.

# At the Research Frontier

## What's new in international banking?

- **U.S. Banks and Global Liquidity**

Ricardo Correa, Wenxin Du, and Gordon Y. Liao  
NBER Working Paper 27491

- **The Dollar and Corporate Borrowing Costs**

Ralf Meisenzahl, Friederike Niepmann, and Tim Schmidt-Eisenlohr  
CEPR Discussion Paper 14892

- **Coping with Disasters: Two Centuries of International Official Lending**

Sebastian Horn, Carmen M. Reinhart, and Christoph Trebesch  
NBER Working Paper 27343

# Quarterly Selected Study

## The Editors' Pick

### Unintended Consequences of the Global Derivatives Market Reform

Pauline Gandré, Mike Mariathan, Ouarda Merrouche, and Steven Ongena

- **Research Question:** Do U.S. derivative traders exploit cross-country differences in the implementation of the global derivatives market reform by moving interest rate swap (IRS) holdings to less regulated jurisdictions? Did the reform additionally change the risk structure of their portfolios?
- **Data:** Data on regulatory progress in implementing the reform is taken from official FSB documents. Information on IRS holdings of the five largest U.S. derivative traders across different countries is provided by a Federal Reserve Database.
- **Main Findings:** Firms use a loophole in the Dodd-Frank-Act to move IRS activities of their subsidiaries to less regulated jurisdictions, thereby engaging in regulatory arbitrage. In addition, they compensate for the increased costs due to the reform by holding riskier portfolios in more regulated jurisdictions.

# Articles and Posts

## Latest Updates

- **Application of early intervention measures in the European Union according to Articles 27-29 of the BRRD**  
This EBA discussion paper investigates the BRRD framework's improvement potential concerning early intervention measures. The EBA welcomes inputs on this topic, which can be submitted via the linked webpage until September 25, 2020.
- **The COVID-19 threat to financial stability in Europe**  
This VoxEU column examines the consequences of Covid-19 for the EU banking system by assessing the crisis' impact on corporate loan portfolios. Using real-time, market-based measures, it is found that Covid-19-induced losses could amount to up to 43% of a bank's capital.
- **Measuring Multinational Enterprises**  
This OECD database reports on 500 of the world's largest multinational enterprises (MNEs) and its affiliates, including information on subsidiaries, different market indices, and a "monitor" identifying events which may significantly affect a company's structure and global profile.

# Research Agenda

## Forthcoming Conferences

- **14th Swiss Winter Conference on Financial Intermediation**  
Lenzerheide, Switzerland, March 28-31, 2021  
CEPR, UZH, SFI, KU Leuven, BIS & Goethe University Frankfurt  
Deadline CfP: **October 30, 2020**
- **Half-Day Workshop on International Capital Flows and Financial Globalisation**  
Online, December 17, 2020  
International Macro – Trinity College Dublin  
Deadline CfP: **August 31, 2020**
- **Financial Intermediation Research Society Conference**  
Vancouver, Canada, June 4-6, 2021  
Financial Intermediation Research Society  
Deadline CfP: **November 1, 2020**