The Brussels Diplomatic Academy and Febelfin Academy kindly invite you to

Master Class Money Market Funds and Shadow Banks
Development and Regulation

What are the institutions comprised the market-based financial system? What are their functions? What was their contribution to the financial crisis and the regulatory response? We will follow the regulatory debate and critically review regulations relevant to specific types of the market-based financial entities, namely money market funds operation in the US and Europe. This course is especially relevant to market practitioners and executives who are involved in investment decision making process, liquidity management and short-term funding solutions.

AUDIENCE

The master class is aimed at:

- bankers and staff working in the financial sector
- attorneys focused on financial services and regulatory issues
- asset managers and service providers in the field of cash and liquidity management
- civil servants in charge of financial regulations
- investors in money market instruments and money market funds
- consultants

ADDED VALUE

The master class is designed to provide its participants with a concentrated and affordable educational experience in the areas of shadow banking and money market funds. It is conceived
during a pivotal time when regulators on both sides of the Atlantic are keenly focused on the issues of financial regulation. The complexity of the subject has manifested itself in a continuing contentious debate regarding shadow banking globally.

Given the current regulatory uncertainties in the money market fund sector, specifically, this course is aimed to provide practical help to legal and market practitioners by setting out regulations governing money market funds in the US and the EU. The course also offers an explanation of legal rules and relevant guidelines as well as checklists and practice examples.

The course’s unique feature is its international scope. By setting out a comparative methodology this course will allow participants to review portfolio management and regulatory issues related to a particular jurisdiction against the backdrop of issues that a similar fund could face in other countries. This comparative approach is increasingly pivotal in the contemporary setting of the global financial market.

By way of background, money market funds entered the public view post-crisis as important providers of liquid capital to various economic actors from governments to banks and retail investors. Their importance as global financial intermediaries of cash is matched by their study and mounting size. Assets under management of money market funds reached their all times high of $5.8 trillion in the first quarter of 2009, exceeding the gross domestic product of Japan registered in the same year. Clearly, a course explaining the functioning and regulations of these funds managing capital of such a size presents the most immediate practical significance.

Shadow banks have a profound impact on the contemporary financial landscape. Their role in transmitting risk in the financial system identified this sector with the financial crisis of 2007–2009, the worst financial meltdown since the Great Depression. Yet, there are few, if any, courses taught to eliminate this under-researched corner of the capital markets. These are compelling considerations to explore valuable educational opportunities offered by this course.

CONTENTS

Introduction: history and background of the market-based financial system and its regulation. What is the purpose of this system vis-à-vis the conventional banking system? What are its benefits and what are the risks? Despite regulations, risk transmission through the market-based financial system is ever more dangerous to investors and institutions. How shall we measure and manage these risks?

Part I: Market-based Financial System: Institutions and Functions

- Risk Identification: credit, market and liquidity risks
- Core function of the market-based financial system: credit, maturity and liquidity transformation
- Examples of financial entities conducting risk transformations
- Risk mapping and measurement, role of credit rating agencies
- Selected Financial Regulations Affecting the Market-based Financial System
  - International Regulatory Framework for Banks (Basel III)
  - Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010:
    - Title I - Financial Stability
    - Title IV – Regulation of Advisers to Hedge Funds and Others
    - Title VI – Improvements to Regulation (Volcker Rule)
Part II: Money Market Funds in the US and the EU

- Regulatory arbitrage as the basis for emergence of the US money market funds
- Legislative history of Rule 2a-7
- US money market funds and European banks as manifestation of the global imbalances
- Development of European money market funds
- Self-regulation of European money market funds
- European money market funds under the UCITS regime
- ESMA guidance on a common definition of European money market funds
- Money market fund ratings

Part III: Future of the Global Liquidity Management

- Managing liquidity outside the traditional banking system
- SEC and US money market funds
- FSOC and US money market funds
- FSB recommendations for regulation of “shadow banks”
- Repo market and its regulation: current state and the “target vision”
- IOSCO report on money market funds

FACULTY

Dr Viktoria Baklanova, CFA, BA Novosibirsk State University, Russia, MS Zicklin School of Business, US, PhD University of Westminster Law School, UK, Chief Credit Officer at Acacia Capital, New York, former Senior Director at Fitch Ratings in charge of money market fund ratings, author of numerous publications on the subject of money market funds, frequent speaker at the industry events, quoted by financial media.

Introductory remarks by Professor Kim Van der Borght. Prof. Dr. Kim Van der Borght is Professor of International Economic & Financial Law at the Vrije Universiteit Brussel and Reader in Law, University of Westminster (London, England).

LEARNING OBJECTIVES

By the end of the master class, the students should be able to:

- Understand the structure of the market-based financial system and its most important institutions
- Understand the major trends in US and EU financial regulatory reform
- Comprehend the aim of money market fund regulation in the US and Europe
- Analyze various risks of money market funds including credit, market, operational, legal and reputational

The working language of the course will be English.

**COURSE MATERIAL**

Before the start of the lecture, a syllabus compiled by the speaker will be handed over to the participants.

**CERTIFICATION**

Examination is not compulsory.

Participants to the master class will receive a certificate of attendance from the Brussels Diplomatic Academy of the Vrije Universiteit Brussel.

Participants to the master class who opt for the examination, will be offered a certificate from the Brussels Diplomatic Academy of the Vrije Universiteit Brussel, signed by the Rector.

**TIMING AND LOCATION**

**Dates:** Spring 2015

**Location:** The master class on ‘Money Market Funds and Shadow Banks’ will take place at Vrije Universiteit Brussel, Pleinlaan 5, Karel Van Miert Building. It is building number 5 on the campus plan that can be downloaded at [http://www.vub.ac.be/english/infoabout/campuses/etterbeek.html](http://www.vub.ac.be/english/infoabout/campuses/etterbeek.html).

A description on how to find the campus is available on [http://www.vub.ac.be/english/infoabout/campuses/index.html#etterbeek](http://www.vub.ac.be/english/infoabout/campuses/index.html#etterbeek).

Free parking facilities are available on the campus in front of the building. A bar code gives access to the campus via campus entries 6 or 13 (see the red arrows on the campus plan). The scanner for the bar code is situated under the intercom.

A few days before the start of the event, participants will receive by e-mail a bar code giving access to the parking.

**METHOD OF PAYMENT AND CANCELLATION**

**Fees:**

The 3 days master class fee is 950 EUR.

VAT Settlement: exempted from VAT: Art 44 § 2, 4° of the VAT code.

The above prices include the registration fee and all material relating to the master class, as well as the coffee breaks for the duration of the event and the networking reception.
Hotel accommodation is not included in the registration fees. 

*Flemish companies can make use of the “KMO-portefeuille”: www.beaweb.be (Admission number BDA for “Training”: DV.O211124).*

*Payment:*
Attendees are requested to pay by bank transfer only, upon receipt of invoice. Confirmation of registration and practical information will be sent only after receipt of payment.

*Cancellations:*
*Cancellations can only be accepted if received in writing to bda@vub.ac.be two weeks prior to the start date of the event.* Fees (less 25 euro administrative charges) will then be refunded. After this date, delegates will be liable for the full fee. In case of cancellation, a substitution between members of the same company is still possible at any time.

**REGISTRATION**
To register for this master class, please fill in the online registration form available on www.brusselsdiplomaticacademy.be.