

**Dr. Karl-Peter Schackmann-Fallis**

**Lecture: Regulation of Financial Markets (2902)**

**Summer Term 2009**

**No supporting material is allowed. The written examination comprises four questions and one bonus question. You have 60 minutes time.**

**Question 1 (20 Points)**

*Topic: Structure of the German Banking Market*

Give a short overview on the structure of the German banking market: How can the German banking market be categorised and which are therefore the relevant banking groups?

**Question 2 (22 Points)**

*Topic: Economic Reasoning for Banking Regulation*

The banking market is one of the most regulated and supervised sectors of an economy. From an economic point of view, explain why the banking market needs to be regulated and to be supervised by governmental actions. Your explanation should comprise microeconomic aspects of market-failure as well as macroeconomic reasons.

**Question 3 (30 Points)**

*Topic: Current Regulatory Initiatives on EU-Level*

As a consequence of the current financial crisis, the EU Commission has started a wide range of regulatory initiatives. In June this year, the European Council supported the Commission's proposal – based on the De Larosière Report – to set up a new supervisory framework.

Describe the structure of this new EU supervisory framework. List other regulatory initiatives which have been launched or are planned by the EU Commission.

**Question 4 (8 Points)**

*Topic: German Banking Act (Kreditwesengesetz [KWG])*

How is “a bank” defined according to the German Banking Act (Kreditwesengesetz [KWG])?

**Bonus Question (You can get a maximum of 10 bonus points for this question)**

*Topic: Current Financial Crisis*

Give an overview on measures which have been taken by ECB-Council, the German government or German governmental authorities to stabilize the financial system.