



AGENDA

DEVELOPMENT OF A NEW BANK RESOLUTION FRAMEWORK IN UKRAINE

INTERNATIONAL DEVELOPMENTS IN
BANK RESOLUTION AND POTENTIALS
FOR REFORM FOR UKRAINE

STAKEHOLDER EVENT

Intercontinental Kyiv | Wednesday 15 May 2019

The latest financial crisis at the global level the same as the 2014-18 financial and economic crisis in Ukraine have both, though by different triggers and circumstances, shown the difficulties to deal with failing banks while safeguarding financial stability. In Ukraine more than half of Ukraine's 180 banks had their license revoked and most of them were liquidated. The costs for safeguarding financial stability were almost exclusively covered by the public; contributions by the state providing support to failing banks and for insured depositor protection amounted to above US\$ 20 billion. Modern post crisis bank resolution frameworks therefore aim to ensure action is taken early enough and that losses are imposed on owners and investors rather than the general public while acknowledging the need to continue a banks critical functions and ensure financial stability.

The Ukrainian Action plan for implementation of the EU Association Agreement stipulates for compliance with the EU directive on Deposit insurance (DGSD) as well as the European Bank Recovery and Resolution Directive, which is the regulatory framework that transposes the international standards as set out by the FSB Key Attributes for Bank Resolution into EU law.

8:30 – 9:00 Registration & breakfast

9:00 – 9:30 Welcome and introduction

Miquel Dijkman, Lead Financial Sector Specialist, FinSAC Coordinator, World Bank,
Satu Kristiina J. Kahkonen, Country Director, World Bank
NBU/DGF

SESSION I: AIMS AND OBJECTIVES OF A MODERN POST CRISIS BANK RESOLUTION FRAMEWORKS AND NEED FOR REFORM IN UKRAINE

9:30 – 11:00 Discussion about the Key Attributes of Effective Banking Resolution, i.e. a set of global standards agreed by the Financial Stability Board after the global financial crisis, designed to overcome the too-big-to-fail problem. Presentation about international best practices with a focus on EU standards in dealing with weak banks in terms of supervision and resolution, and integration into a new resolution framework for Ukraine; What bank resolution framework for Ukraine including in light of the EU association agreement?

Moderator Vahe Vardanyan, The World Bank Group

Speakers (20 minutes each):

- Andrew Gracie, The World Bank Group: International principles of bank resolution: What has been achieved so far and what can be learned for Ukraine?
- Current framework for dealing with weak banks in Ukraine: Need for reform?

Local presenter

- Pamela Lintner, and Christian Stiefmueller, The World Bank Group: Adapting the European BRRD to Ukraine: Its aims, objectives and challenges in operationalizing it to local circumstances
- Djurdjica Ognjenovic, The World Bank Group: The European DGSD: Its aims, objectives and challenges in operationalizing and adapting it for Ukraine.

11:00 – 11:15 Coffee break

SESSION II: RECOVERY AND RESOLUTION PLANNING

11:15 – 12:45 Overview of introducing recovery and resolution planning from a supervision, resolution and banking industry perspective. Interlinkages between recovery and resolution planning. Resolvability as the main objective of resolution – key impediments. Understanding recovery and resolution planning as an ongoing process and continuous dialogue with banks – establishment of a “resolution culture”.

Moderator Pierre-Laurent Chatain, The World Bank Group

Speakers (20 -30minutes each + 15 min Q&A)

- Paul Disveld, European Central Bank (ECB): Recovery planning and the need for cooperation supervisors and resolution authorities
- Denada Prifti, Single Resolution Board (SRB): Rational of Resolution planning and resolvability
- Elsa Martinez Abeytua, and Eduardo Avila Zaragoza, Banco Bilbao Vizcaya Argentaria (BBVA): BBVA's approach to R&R - Development of a New Bank Resolution Framework in Ukraine

12:45 – 13:30 Lunch

SESSION III: THE RESOLUTION FINANCING, CASE STUDIES AND LEGAL SAFEGUARDS

13:30 – 15:00 The provision of funding to a problem banks is a key factor in ensuring financial stability. Despite the general aim to ensure losses are attributed to shareholders and investors some sort of public support might be needed in case of a broader economic and financial crisis. This session provides an overview on good international practices in ensuring the right balance in the interplay of different funding sources.

Court proceedings play a key role in contributing to the effectiveness of bank liquidation and resolution procedures. Authorities are confronted with the challenging tasks of taking fast decisive resolution action needed to maintain financial stability while at the same time ensuring compliance with constitutional principles and fundamental rights. Based on EU country examples, the session will discuss good international practice on issues including the justification of taking resolution action, legal safeguards like the no creditor worse off test, substantiation of claims, legal protection of staff and the scope of judicial review and redress.

Moderator Pamela Lintner, The World Bank Group

Speakers (20-30 minutes each + 10 Min Q&A):

- Marco Bodellini, Queen Mary University of London: Overview of good international practice in resolution financing: Central bank liquidity, bail-in, use of deposit insurance financing and public funds
- Rick Osterman, The World Bank Group: Resolution Financing and Legal Principles of bank resolution in the US
- Eleni Tsene, The World Bank Group: Application of resolution tools and Legal safeguards in bank resolution

15:00 – 15:30 Closing



Miquel Dijkman

Lead Financial Sector Specialist, FinSAC Coordinator, World Bank

Mr. Miquel Dijkman is a Lead Financial Sector Specialist in the Finance Competitiveness and Innovation and Markets Global Practice of the World Bank, and is currently the Coordinator of the Vienna Financial Sector Advisory Center (FinSAC). Since joining the World Bank, his work program has covered a broad range of topics and different countries. He has also conducted and led many Technical Assistance missions covering a highly diverse range of countries and topics, including banking supervision and regulation, crisis preparedness and crisis management, cross-border supervision and systemic risk analysis. He has participated in twelve Financial Sector Assessment Programs (FSAPs), including the 2017 China FSAP Update, which he has led on behalf of the World Bank.

Prior to joining the World Bank, he worked in several business areas of the Central Bank of the Netherlands; including Monetary and Economic Policy, Financial Stability and Financial Conglomerate Supervision. He also worked at the European Central Bank as a National Central Bank Expert. Mr. Dijkman holds graduate degrees from Radboud University in both international economics and in development studies.



Satu Kahkonen

Country Director for Belarus, Moldova, and Ukraine, World Bank

Satu Kahkonen is the World Bank Country Director for Belarus, Moldova, and Ukraine, joining the position in July 2016 and is based in Kyiv, Ukraine. Ms. Kahkonen oversees the Bank's program in the three countries and leads policy dialogue with government counterparts, civil society and other partners. Prior to this position, she was the Director of the Macroeconomics and Fiscal Management Global Practice at the World Bank Group, which comprises over 350 staff with expertise in macroeconomics, fiscal policy, growth and statistics. Here, she oversaw the work of the Practice in Europe and Central Asia, East Asia and Pacific, as well as South Asia. Ms. Kahkonen was a Sector Manager in the Poverty Reduction and Economic Management unit. The cluster focused on economic policy management and covered 18 countries of the East and South East Europe—new EU Member States and Western Balkans—as well as select Eurozone countries. Preceding that, she worked as a Lead Economist in South Asia, East and South East Europe, and Africa in the World Bank. In that role, she led a team which provided economic policy advice and technical expertise to multiple countries including Pakistan, Bulgaria, Croatia, and Uganda.

Before joining the World Bank, Ms. Kahkonen was part of the faculty of the University of Maryland and Associate Director of the Center for Institutional Reform and the Informal Sector (IRIS), a think tank affiliated with the Department of Economics and headed by the late Professor Mancur Olson. Ms. Kahkonen is the author of three books on economic development, and has published numerous economic reports and research papers. Ms. Kahkonen holds a Ph.D. in Economics from the University of Pennsylvania, where she studied as a Fulbright Scholar, and an M.Sc. from the Helsinki School of Economics.



Vahe Vardanyan

Lead Financial Sector Specialist, World Bank

Vahe Vardanyan is a Lead Financial Sector Specialist for the Finance and Markets Global Practice in Belarus, Moldova and Ukraine, joining the position in February 2016 and based in Kyiv, Ukraine. Mr. Vardanyan has been at the World Bank since October 2012. In his professional career at the World Bank he has lead and supported several tasks, including the preparation and implementation of several large lending operations, Reimbursable Advisory Services agreements as well as advisory activities in Ukraine, Belarus, Turkmenistan, Albania, Kosovo and Morocco. Before joining the Bank, Mr.Vardanyan has worked for more than 13 years at the Central Bank of Armenia and lastly served as a director of Financial Stability Department. He had extensive experience in the monetary policy, banking supervision, financial stability and bank resolution. Mr. Vardanyan holds Master's Degree in International Economics from Yerevan State Economic University.



Andrew Gracie

Consultant, FinSAC, World Bank

For six years to June 2018 Andrew Gracie was Executive Director, Resolution at the Bank of England, leading work on the development of the UK resolution regime, resolution planning for UK banks and negotiation of international standards for resolvability, including chairing the FSB Cross-Border Crisis Management Committee. Prior to that, he held a variety of roles at the Bank of England in bank supervision, market operations, financial stability and payments oversight, apart from a five-year break running his own consulting company providing crisis simulation exercises and related advice to authorities. He now acts as a consultant on resolution and other financial stability issues to firms and authorities.



Pamela Lintner

Senior Financial Sector Specialist, FinSAC, World Bank

Pamela provides legal consulting on the establishment and enhancement of recovery and resolution frameworks in FinSACs client countries in line with international best practice and a focus on BRRD alignment and home/host issues. In her previous works as a lawyer for the Austrian Central Bank (Unit for Financial Markets Regulation and Payment Systems Oversight) and before, from a different angle, at the Austrian Bankers Association she was closely involved in European regulatory policy including CRD IV, crisis management, RR and DGS. In the course of EMIR implementation she headed the on-site inspections for the licensing process for the Austrian Central counterparty (CCP.A). Pamela first became familiar with financial services policy working for the Austrian Presidency of the European Council in 2006 where she lead the AT delegation of the Council Working Group on the Payment Services Directive. She studied law at the Universities of Linz, Vienna and Madrid and received a research scholarship at the European Institute of Public Administration (EIPA)/Maastricht in 2004/05.



Christian M. Stiefmueller

Managing Director (CEPA), Consultant, FinSAC, World Bank

Christian provides advice to international organisations, public-sector clients and civil society on financial-sector regulation and governance. He has authored numerous reports, policy statements and legal commentaries with a particular emphasis on the legislative and regulatory frameworks for financial stability at the international and European level. Christian is a regular speaker at international conferences and has worked as an expert with a variety of international organisations and institutions, including the World Bank, the European Commission, the International Monetary Fund and the United Nations (UNDP, UNCTAD).

Previously a senior investment banker, Christian has more than 20 years' first-hand experience in the financial industry and worked for major global banks advising corporate clients and financial investors on mergers, acquisitions and capital markets transactions. He also managed two London-based corporate finance advisory firms serving clients in the technology and telecom sectors. He holds graduate degrees in Law and Applied Languages from the University of Innsbruck and an M.B.A degree from the University of California (Berkeley).



Djurdjica Ognjenovic

Consultant, FinSAC Int. Expert on Deposit Insurance, World Bank

Djurdjica is internationally recognized expert with key competences on financial stability, deposit insurance, bank resolution and banking regulation with 25 years of professional experience. She is the former Director of Croatian Deposit Guarantee Scheme. She had been working internationally advising national governments and governmental agencies in ECA region and Central and South Asia (Serbia, Bosnia, Macedonia, Montenegro, Kosovo, Armenia, Kyrgyzstan, Kazakhstan, Uzbekistan, Ukraine, Azerbaijan, Georgia, Romania, Nepal and Mongolia) on financial stability and deposit guarantee issues. Djurdjica is the author of more than 100 published papers in Croatia and internationally.

She is the author of the book "Deposit Insurance Schemes – Funding, Policy and Operational Challenges", published by Palgrave MacMillan, 2017 and co-author of the book on Croatian capital market. She holds Masters degree from Economic Faculty Zagreb (1996) in banking and London School of Economics and Politics (LSE) Diploma (1992) in financial markets.



Pierre-Laurent Chatain

Lead Financial Sector Specialist, World Bank

Pierre-Laurent Chatain is Lead Financial Sector Specialist in the Finance, Competitiveness & Innovation Global Practice at the World Bank Group. After several years in financial integrity, leading multiple anti-money laundering/terrorist financing assessments around the world, he took new responsibilities in the World Bank financial stability department. He was coordinator of the Financial Stability Board at the World Bank for many years and served on the FSB Resolution Steering Group. Mr. Chatain is a bank supervisor by profession.

Before joining the World Bank, Mr. Chatain worked for Banque de France for more than 15 years. He held several positions in succession within the legal and inspection departments. He also served as mission chief at the French Prudential Control and Resolution Authority where he led on-site inspection teams in commercial banks in France and overseas. He also exercised managerial responsibilities at the Banque de France as Deputy-Director of the On-site Control Department.

Mr. Chatain has published widely on issues of money laundering and terrorist financing, inspection techniques, conflict resolution, and civil bankruptcy. He holds a master's degree in Law from the University of Paris Panthéon-Sorbonne and is a graduate of the French Political Science Institute of Toulouse.



Paul Disveld

Adviser, Crisis Management Division, ECB Banking Supervision

Paul is an experienced adviser in banking crisis management and works for the Crisis Management Division of the ECB since 2015. In his current position he is responsible for steering and approving the crisis management related policy work for the European Banking Authority (EBA), the Financial Stability Board and the International Monetary Fund. He also develops the ECB strategy for recovery planning and, together with his team, steers projects to implement this strategy. He also coordinates the ECB horizontal team that is responsible for ensuring the quality and consistency of the ECB assessments of the recovery plans of Significant Institutions supervised directly by the ECB. Finally, he represents the ECB Banking Supervision in the EBA Resolution Committee.

Prior to joining the ECB, he worked in several business areas of the Central Bank of the Netherlands, including Financial Stability and Banking Supervision. From 2012-2014 he was as a project manager responsible for ensuring that all the large and medium-sized banks in the Netherlands would develop recovery plans. Paul holds a Master's degree from the University of Groningen in economics.



Denada Prifti

Head of Unit at the Single Resolution Board (SRB)

Denada Prifti is an Albanian and German national with about 20 years of experience in financial institutions, investment funds and markets. She is currently Head of Unit at the Single Resolution Board (SRB), responsible for resolution planning and crisis preparedness for banks in Germany, Baltics and Malta. In the last four years she was a member of the Supervisory Board and of the Audit Committee at the National Central Bank of Albania. Prior to SRB, she worked at the European Commission, DG for Financial Stability, Financial Services and Capital Markets Union on issues related to CRD IV, leverage ratio and liquidity of ABS and covered bonds. She worked in different departments at the German Ministry of Finance. At the onset of financial crisis, she was part of the Financial Market Policy department, leading the work on the systemic risk and too big to fail. From 2002 to 2007, Mrs Prifti worked on the supervisory side, on-site inspections of private German banks on internal risk models and credit spread risk.

Mrs Prifti has written several articles, published at the European Financial Stability and Integration Report. She holds a Master Degree in Economics with focus on Econometrics and Monetary Policy from the 'Freie Universität Berlin', a Master Degree in Statistics of Financial Markets from the 'Humboldt Universität zu Berlin' and a Diploma in Informatics from the Faculty of Natural Science at the University of Tirana.



Elsa Martinez Abeytua

Head of Resolution Planning Office BBVA

Elsa is in charge of coordinating the relationship with the SRB (Single Resolution Board) and the Spanish resolution authorities.

She is working in BBVA since 2011 most of the time dealing with regulatory issues. Before joining BBVA, Elsa worked in Deloitte for 6 years providing consulting and auditing services in the financial sector. She studied Economy and a Master in Economics and Finance in the University of Navarra (UNAV). Elsa, CFA, is also a FRM holder and a professor in the Master's Degree in Banking and Financial Regulation (UNAV)



Dr Marco Bodellini

**Associate Lecturer in Banking and Financial Law
Queen Mary University of London**

Dr Marco Bodellini is an Associate Lecturer in Banking and Financial Law at Queen Mary University of London (QMUL) – Centre for Commercial Law Studies (CCLS), where he teaches Investment Banking Law and Securities Regulation. He is also an Adjunct Professor in Company Law at University of Bologna. He is a member of the Banking and Finance Law Group at Queen Mary University of London and is associated with the Institute for Global Law, Economics and Finance (IGLEF), that is part of the Centre for Commercial Law Studies at Queen Mary University of London. He is also a member of the Institute for Global Financial Governance and the Rule of Law (IGFGRL), jointly created by Queen Mary University of London and East China University of Political Science and Law. He has published a number of books and articles in US, UK and European peer-reviewed journals in the areas of bank restructuring and resolution, corporate governance of financial institutions and investment funds regulation.

He is a member of the editorial board of a number of journals and books series, including Business Law Review (Wolters Kluwer International), Financial Regulation International (Informa Law) and Studi e Dialoghi Giuridici – Critical Studies in Private Law (Eurilink University Press). He is also a referee for European Business Organization Law Review (Springer). He is regularly invited to deliver talks at international conferences in the UK, US, Germany, Italy and Belgium in the area of bank crisis management and regulation.

He has recently co-published policy papers upon request of the European Parliament on the EU bank resolution regime and the United Nations Conference on Trade and Development on the use of soft law principles in the restructuring of sovereign debt. He is a qualified lawyer admitted to the Italian Bar.



Eduardo Avila Zaragoza

Head of Global Supervisory Relations

Eduardo Ávila holds a Degree in Business Administration from Colegio Universitario de Estudios Financieros (CUNEF) and M.A. Multinational Accounting and Financial Management from University of Reading, UK. He joined BBVA in 1992. As one of BBVA top executive, he has been responsible for different units within the financial and accounting division of the group.

Between 2006 and 2008 he was Chief Financial Officer of BBVA Banco Continental (Peru). From 2008 to 2011, he was Chief Financial Officer of BBVA Bancomer (Mexico) and from 2011 to 2013 he was Group Chief Accounting Officer of BBVA Group, based in Madrid.

Currently, he is Global Head of Supervisory Relations. He is in charge of measurement of Capital and Liquidity of BBVA Group and also he manages day by day Supervisory Relations (European Central Bank, Bank of Spain, Federal Reserve, Prudential Regulation Authority ...)

He is Professor for Navarra University in M.A. Master in Banking and Financial Regulation and he has participated in many Financial International Fora: EBF, IIF, AFME.



Richard J. Osterman, Jr.
Consultant, FinSAC, World Bank

Rick Osterman is a consultant to the World Bank and an advisor to the United States Treasury's Office of Technical Assistance. He is a former Acting FDIC General Counsel and Deputy General Counsel with extensive experience in deposit insurance, receivership law and litigation. He served as Deputy General Counsel leading the Litigation and Resolutions Branch in the Legal Division of the FDIC from June 2007 to June 2016. The Branch provided litigation counsel for FDIC and comprehensive legal support for FDIC's resolution and receivership functions during the 2008 financial crisis.

On two separate occasions (May 2012-February 2015; August 2010-November 2010), Mr. Osterman served as Acting General Counsel. As the Corporation's chief legal officer, he led the Legal Division in providing legal counsel to the Chairman and Board on complex matters including implementation of Dodd Frank Act provisions, deposit insurance, assessment and receivership issues. He testified on behalf of the FDIC before the U.S. Congress and the U.K. Parliamentary Commission on Banking Standards.

During Mr. Osterman's extensive FDIC career, he also served as Assistant General Counsel for the Receivership Operations and Litigation Section, which included Professional Liability, Financial Crimes and Receivership Operations and Policy. He worked extensively on the Federal Deposit Insurance Reform Act and was a primary legal contact for implementation of the law. In addition, Mr. Osterman served in various areas of the Legal Division including supervision, deposit insurance, assessments, legislation and appellate litigation. Before joining the FDIC, Mr. Osterman served at the Federal Home Loan Bank Board where he represented the Bank Board on regulatory matters and supervised complex commercial litigation and professional liability actions.

Mr. Osterman received his B.A. from Swarthmore College and his J.D., cum laude, from the University of Baltimore School of Law, where he was a member of the law review. He is a member of the Maryland Bar, the bars of several United States Courts of Appeals and the United States Supreme Court.



Eleni Tsene
Consultant, FinSAC, World Bank

Eleni is a lawyer, admitted to the Athens Bar (1986) and the Luxembourg Bar (under the Directive 98/5/EC, 2016), with expertise in corporate and financial law. She was senior legal officer to the European Commission (DG ECFIN), working on the Economic Adjustment Programme for Greece, mainly on matters of financial sector stability and judicial reforms. In this context, she was actively involved in the drafting of legislation for the recapitalization and resolution of banks as well as in the reform of the Greek Code of Civil Procedure. Before joining the Commission, she was chief legal counsel to the Hellenic Financial Stability Fund, which had a central role in the recapitalisation and the resolution of Greek banks.

She has extensive experience in corporate, finance and banking law, as in-house lawyer or external legal counsel to a number of Greek banks, having held senior posts. She studied law at the Universities of Athens and Paris 2, where she received two Master degrees, in European law and in Commercial law.