

Date and Time

Thursday, 28th January 2010
18:30 - 20:00 followed by a cocktail reception

Venue

Chambre de Commerce du Luxembourg
7, rue Alcide de Gasperi
L-2931 Luxembourg
Tel: 42 39 39 1

Registration

- Please register in advance at :
lsf-events@uni.lu

Please indicate your name and institution.

- The conference is free of charge

For further information, please contact:

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The Luxembourg School of Finance is pleased to
organise the following conference for
professionals of the Luxembourg Financial Centre

Government Bank Rescues: New Ideas for Resolving an Old Dilemma

In partnership with



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**BANQUE
DE LUXEMBOURG**

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Programme

18:00 Registration

18:30 Conference Opening

André Prüm, *Dean, Faculty of Law, Economics and Finance, University of Luxembourg*

Government bail-outs of banks in the recent financial crisis have attracted much political and popular resentment. Issues of moral hazard with respect to risk-taking and bankers' compensation have generated much controversy and discussion.

18:40 **Yves Mersch**, *Governor, Banque centrale du Luxembourg*
Government Bank Rescues

So today policy-makers are searching for alternatives. Stricter capital requirements are a classic approach, but not without negative spillover effects. In particular, procyclicality and feedback effects are possible, resulting from premature sale of assets or equity issuances as banks struggle to meet these requirements in economic downturns.

19:00 **Theo Vermaelen**, *Professor, INSEAD and LSF*
An innovative approach to government rescues of banks: how to reconcile the situation of shareholders with the interests of the taxpayer.

19:30 Panel Discussion

Moderator: Julian Presber, *LSF*

Can this dilemma be resolved? Professors Theo Vermaelen (INSEAD) and Christian Wolff (LSF) have proposed a policy mechanism that would resolve this dilemma and contribute to the toolkit available to regulators and policy-makers.*

Yves Mersch, *Governor, Banque centrale du Luxembourg*

Georges Hübner, *Professor, Université de Liège*

Theo Vermaelen, *Professor, INSEAD; visiting Professor, LSF*

Christian Wolff, *Professor and Director, LSF*

* <http://blogs.ft.com/economistsforum/2009/12/how-to-save-banks-without-using-taxpayers-money/>

20:00 Cocktail Reception

