

# Financial Private Regulation and Enforcement

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## Internationally Active Financial Services Firms (IAFSFs), e.g.:

- Citigroup
- HSBC
- JPMorgan Chase
- BNP Paribas
- Morgan Stanley
- Société Générale
- American Express
- Bank of America
- UBS
- RBS
- Goldman Sachs
- Deutsche Bank,
- Banco Santander
- Nomura

## Types of private standard-setting and enforcement for IAFSFs.

### 1. House Rules

- Organizational rules
- Compensation and conditions of employment
- Others

## Types of private standard-setting and enforcement for IAFSFs.

### 2. Contracts

- Lending agreements
- Underwriting agreements
- Other

## Types of private standard-setting and enforcement for IAFSFs.

### 3. Internal compliance

- Internal audit
- Compliance office
  - *Caremark*
  - ALI Principles of Corporate Governance and MPC
  - US Sentencing Guidelines
  - § 404 of SOX

## Types of private standard-setting and enforcement for IAFSFs.

4. Management-based regulation
  - Basel II
    - Internal ratings-based approach to credit risk
    - Approach to operational risk
  - Other forms of management-based regulation

## Types of private standard-setting and enforcement for IAFSFs.

5. Private standard-setting bodies
  - FASB
  - PCAOB
  - ISDA
  - FINRA

Types of private standard-setting and enforcement for IAFSFs.

## 6. Cartels

## Types of private standard-setting and enforcement for IAFSFs.

7. Private litigation
  - Class actions
  - Shareholders derivative suits
  - Other

## Assessment

1. Effectiveness
2. Legitimacy
3. Quality
4. Enforcement

## Assessment

Important factors:

1. Transaction costs
2. Access to information
3. Expertise
4. Political power of the regulated industry and others
5. Regulators' turf
6. Regulators' budgets
7. History