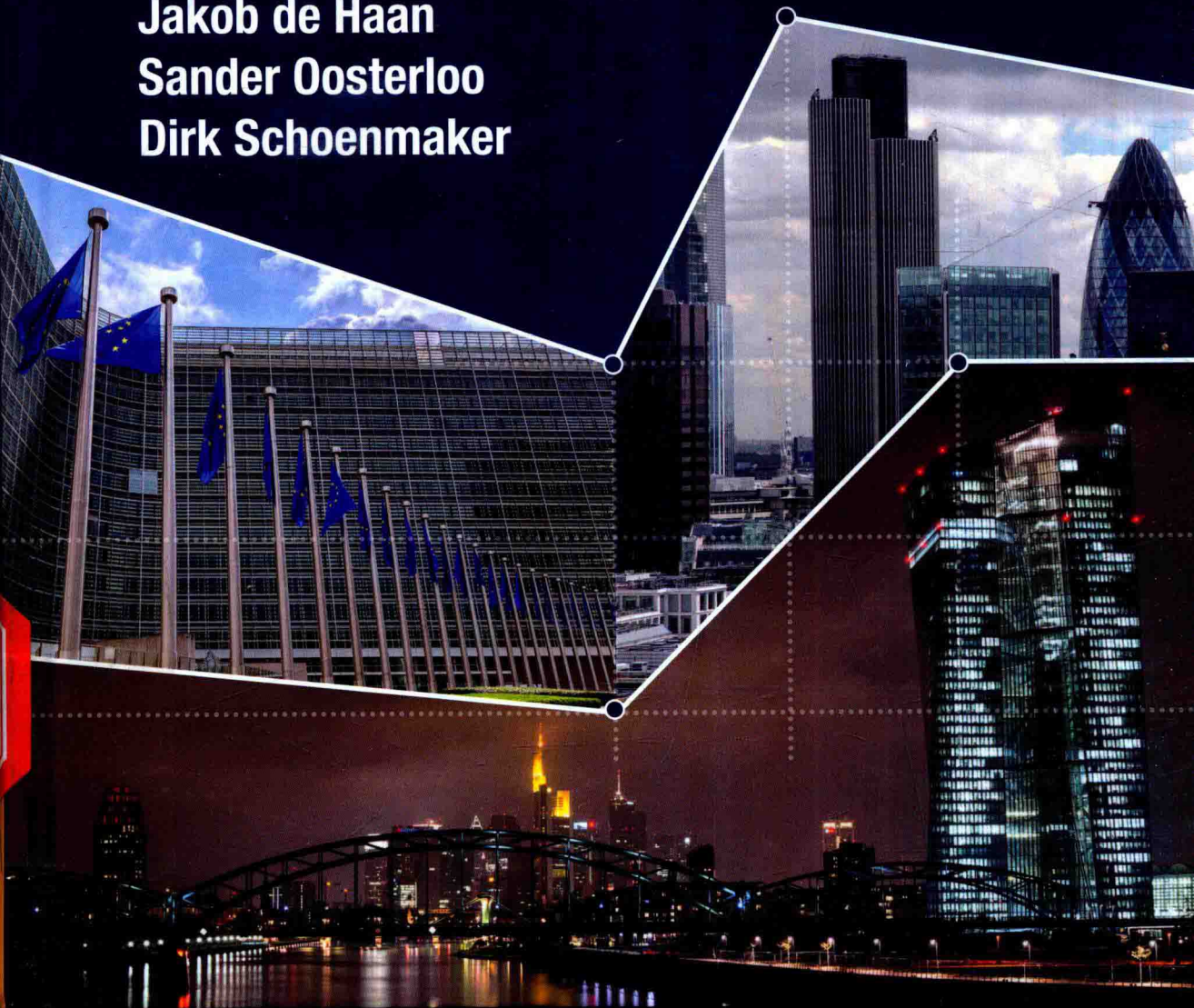


THIRD EDITION

FINANCIAL MARKETS **AND** INSTITUTIONS

A EUROPEAN PERSPECTIVE

Jakob de Haan
Sander Oosterloo
Dirk Schoenmaker



Financial Markets and Institutions

A European Perspective

Third Edition

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Financial Markets and Institutions

Written for undergraduate and graduate students of finance, economics and business, the third edition of *Financial Markets and Institutions* provides a fresh analysis of the European financial system. Combining theory, data and policy, this successful textbook examines and explains financial markets, financial infrastructures, financial institutions and the challenges of financial supervision and competition policy. The third edition features greater discussion of the financial and euro crises, including extensive analysis of their causes and impact, as well as their remedies. New material covers unconventional monetary policies, the Banking Union, the Basel 3 capital adequacy framework for banking supervision, macroprudential policies and state aid control applied to banks. The new edition also features wider international coverage, with greater emphasis on comparisons with countries outside the European Union.

Visit the companion website at www.cambridge.org/de_Haan3e for exercises and solutions for each chapter, and copies of the figures and tables used in the book.

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Countries

Member States of the European Union

	Country	Official abbreviation	Year of accession
1	Austria	AT	1995
2	Belgium	BE	1951
3	Bulgaria	BG	2007
4	Croatia	HR	2013
5	Cyprus	CY	2004
6	Czech Republic	CZ	2004
7	Denmark	DK	1973
8	Estonia	EE	2004
9	Finland	FI	1995
10	France	FR	1951
11	Germany	DE	1951
11	Greece	EL	1981
13	Hungary	HU	2004
14	Ireland	IE	1973
15	Italy	IT	1951
16	Latvia	LV	2004
17	Lithuania	LT	2004
18	Luxembourg	LU	1951
19	Malta	MT	2004
20	Netherlands	NL	1951
21	Poland	PL	2004
22	Portugal	PT	1986
23	Romania	RO	2007
24	Slovakia	SK	2004
25	Slovenia	SI	2004
26	Spain	ES	1986
27	Sweden	SE	1995
28	United Kingdom	UK	1973

The European Union (EU) consists of 28 Member States as of 2015 (EU 28). Before the accession of the New Member States in 2004, 2007 and 2013, the EU consisted of 15 Member States, which are usually indicated by EU-15. The 10 New Member States in 2004 are indicated by NMS-10 and the total of 12 New Member States in 2004 and 2007 are indicated by NMS-12. EU-25 refers to the EU-15 and NMS-10. EU-27 refers to the EU-15 and NMS-12.

There are 19 countries in the euro area.

Countries in the euro area

	Country	Year of accession
1	Austria	1999
2	Belgium	1999
3	Cyprus	2008
4	Estonia	2011
5	Finland	1999
6	France	1999
7	Germany	1999
8	Greece	2001
9	Ireland	1999
10	Italy	1999
11	Latvia	2014
12	Lithuania	2015
13	Luxembourg	1999
14	Malta	2008
15	Netherlands	1999
16	Portugal	1999
17	Slovakia	2009
18	Slovenia	2007
19	Spain	1999

Abbreviations

ABP	Algemeen Burgerlijk Pensioenfonds
ABS	Asset-Backed Securities
ACP	Asset-backed Commercial Paper
ACP	Autorité de Contrôle Prudentiel
AIG	American International Group
ALM	Asset and Liability Management
AMF	Autorité des Marchés Financiers
ASC	Advisory Scientific Committee
ATM	Automated Teller Machine
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BCBS	Basel Committee on Banking Supervision
BHB	Bond Home Bias
BIS	Bank for International Settlements
BME	Bolsas y Mercados Españoles
BoE	Bank of England
BoJ	Bank of Japan
BRRD	Bank Recovery and Resolution Directive
BU	Banking Union
CalPERS	California Public Employees Retirement Scheme
CAPM	Capital Asset Pricing Model
CB	Central Bank
CBPP	Covered Bond Purchase Programme
CCP	Central Counterparty
CD	Certificate of Deposit
CDC	Collective Defined Contribution
CDO	Collateralised Debt Obligation
CDS	Credit Default Swap
CEA	Comité Européen des Assurances
CEO	Chief Executive Officer
CESR	Committee of European Securities Regulators

CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLS	Continuous Linked Settlement
CMBS	Commercial Mortgage-Backed Securities
CRA	Credit Rating Agency
CRAAC	CRA Assessment Centre
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSD	Central Securities Depository
DB	Defined Benefit
DC	Defined Contribution
DG	Directorate General
DGS	Deposit Guarantee Scheme
DNB	De Nederlandsche Bank (Dutch Central Bank)
DTB	Deutsche Terminbörse
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ECFI	European Court of First Instance
ECJ	European Court of Justice
ECN	European Competition Network
Ecofin	Council of Economic and Finance Ministers
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EDP	Excessive Deficit Procedure
EEA	European Economic Area
EEC	European Economic Community
EFAMA	European Fund and Asset Management Association
EFSF	European Financial Stability Facility
EFSM	European Financial Stabilisation Mechanism
EHB	Equity Home Bias
EIOPA	European Insurance and Occupational Pensions Authority
EMI	European Monetary Institute
EMIR	European Market Infrastructure Regulation
EMS	European Monetary System
EMU	Economic and Monetary Union
EOE	European Options Exchange

EONIA	Euro Overnight Index Average
EP	European Parliament
EPC	European Payments Council
ERM	Exchange Rate Mechanism
ESA	European Supervisory Authority
ESCB	European System of Central Banks
ESFS	European System of Financial Supervisors
ESM	European Stability Mechanism
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange Traded Funds
EU	European Union
Euratom	European Atomic Energy Community
EUREPO	Repo Market Reference Rate for the Euro
EURIBOR	Euro Interbank Offered Rate
FCA	Financial Conduct Authority
FDI	Foreign Direct Investment
Fed	Federal Reserve
FESE	Federation of European Securities Exchanges
FOMC	Federal Open Market Committee
FPC	Financial Policy Committee
FRA	Forward Rate Agreement
FSA	Financial Services Authority
FSAP	Financial Services Action Plan
FSB	Financial Stability Board
FSF	Financial Stability Forum
FSOC	Financial Stability Oversight Council
FSR	Financial Stability Review
FTO	Fine Tune Operation
FX	Foreign Exchange
GDP	Gross Domestic Product
GIIPS	Greece, Ireland, Italy, Portugal, Spain
GLAC	Gone-concern loss-absorbing capacity
GMI	Governance Metrics International
GVA	Gross Value Added
HI	Herfindahl Index
IAIS	International Association of Insurance Supervisors
IAS	International Accounting Standards
IASB	International Accounting Standards Board