“Information and Disclosure for Robust Financial Markets”

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Audiences for Disclosure and Implications

- Disclosures to supervisors and regulators
  - Asset holdings (including counter-parties)
  - Valuation
  - Counter-party and systemic risk
  - Trading Behavior
- Regulatory vs. public disclosure
  - What are appropriate lags?
- Disclosures to other market participants
  - Mining disclosures; What products is one willing to trade?
  - “Window dressing”, “painting the tape”, end-of-day/year holdings
- Data for academics and the public
- What are the key broad costs by requiring more data?

Disclosures by Government

- Bank supervision vs. market integrity models
  - Conflict among regulators about disclosure
    - Stress test policies
    - Bank of America/Merrill merger
- Government as an investor
  - The Fed’s Bear Stearns portfolio--How was collateral valued? When?
  - Bloomberg suit (reluctant disclosures)
- What data triggered specific decisions to intervene?—Bear, Lehman, AIG
- What is systemic risk?
- Power (market and other) and non-disclosure

What could we understand better?

- Disclosure of systemic risk in real-time
- How does systemic risk evolve?
- Is bigness worth it?
- How competitive are various markets?
- To what extent do the returns in financial services reflect scarcity of differential skills?

Models of Access

- Sophisticated and innovative methods will be crucial
- High levels of talent crucial for discerning what is it that policymakers and market participants can learn from the data
- Importance of access
- “Census” vs. contractual model
- How committed is the government to examine large-scale data in a serious manner?—staffing level and composition, other resources issues