



*Centre for the  
Study of Living Standards  
Centre d'étude des  
niveaux de vie*

## **Invitation to Attend the CSLS Seminar Series on Living Standards**

### **Warding Off Financial Market Failure Domestically and Internationally**

David Longworth

4:00-5:30 PM  
Monday, January 24, 2011  
Karsh Room, Rideau Club  
99 Bank Street, 15th floor  
Ottawa, Ontario

(please note that the Rideau Club dress code requires men to wear a jacket)

To attend, please RSVP by January 21, 2011 to [andrew.sharpe@csls.ca](mailto:andrew.sharpe@csls.ca).

The recent financial crisis has revealed the existence of market failures in the financial system, failures which if not corrected may lead to future financial difficulties. To address this issue, policymakers need to focus on system-wide (or "macroprudential") financial regulation, both at the national and international level.

In 2008, the Committee on the Global Financial System of the Bank of International Settlements undertook a study to better understand the procyclicality of the financial system linked to leverage and valuation effects. The study concluded that further examination of the role of margin requirements and haircuts in procyclicality was needed and established another group under the chairmanship of David Longworth, then Deputy Governor of the Bank of Canada, to examine these issues. In 2010, this group produced a report entitled "The role of margin requirements and haircuts in procyclicality."

We are very fortunate to have David, now retired from the Bank of Canada, as the first speaker in 2011 in the CSLS seminar series to address the issue of market failure in the financial system. Based on his extensive experience in the international financial area, he will discuss what should be the optimal regulatory framework to dampen the procyclicality of the financial system and to provide greater protection to the system in the areas of credit risk, liquidity risk, property price risk, and financial asset collateral risk.

David Longworth was a Deputy Governor of the Bank of Canada from April 2003 to March 2010. He is currently an Adjunct Research Professor at Carleton University and a John Weatherall Distinguished Fellow at Queen's University. In December 2010, the C.D. Howe Institute published his Background paper entitled "Warding Off Financial Market Failure: How to Avoid Squeezed Margins and Bad Haircuts."