The Belgian Credit Guarantee Scheme

Aidan Lawson[1]

March 19, 2019

Abstract

Much like other developed economies during the Global Financial Crisis, Belgium faced substantial amounts of systemic stress to its large and heavily concentrated financial system. To combat these mounting pressures, the Belgian government issued a wide-ranging, opt-in state debt guarantee program pursuant to which eligible institutions could issue government-guaranteed debt in a concerted effort to instill confidence and stymie the fear of runs in its financial sector. The debt guarantee scheme was originally put into place on October 15, 2008, and retroactively covered liabilities entered into from October 9, 2008 to October 31, 2009, with a maximum maturity of three years. It provided substantial discretionary authority to the Minister of Finance, such as the ability to add additional conditions and to decline any bank from participating in the scheme. Eligibility was determined on a case by case basis. Fees and issuance thresholds were determined in the same way prior to two April 14, 2009 Royal Decrees, which homogenized fees and expanded the pool of eligible institutions. Belgium was also a key member in a number of high profile bank rescues, such as that of Dexia in conjunction with France and Luxembourg. Much of the structure of the aforementioned state guarantee scheme was initially based off the ad-hoc scheme that the three nations devised for Dexia earlier in October of 2008. The state guarantee scheme expired after no banks had made use of it by October 31, 2010, the last day for banks to issue guaranteed debt after amendments to the issuance window and maturity horizon.

Keywords: Belgium, short-term debt, medium-term debt, financial institutions, government guarantee, guarantee

[1] Research Associate, New Bagehot Project. Yale Program on Financial Stability. aidan.lawson@yale.edu

Belgian Credit Guarantee Scheme

At a Glance

Summary of Key Terms	
Purpose: To restore confidence and liquidity to Belgian financial institutions through the guaranteeing of short and medium-term liabilities for systemically important institutions.	
Announcement Date	October 15, 2008
Operational Date	October 15, 2008
Date of First Guaranteed Loan issuance	N/A
Issuance Window Expiration Date	Oct. 31, 2009 (initial) then amended to Oct. 31, 2010.
Program Size	Opt-in; Unspecified
Usage	None.
Outcomes	None; no guarantees issued.
Notable Features	

As the U.S. housing crisis exploded into a global phenomenon, dozens of large European financial institutions began facing run-like behavior from their investors. Contagion, driven by fear of heavy exposures to toxic assets, brought many of the largest European institutions close to insolvency as sovereign CDS spreads rose and interbank lending rates skyrocketed. Belgian banks, despite being more limited in their exposure than others, were no exception to these strains. The Belgian banking system was one of the most heavily concentrated in the European Union in 2008. As CDS spreads of various maturities for large banks such as Dexia and Fortis spiked from less than 100 in May of 2008 to nearly 500 basis points in September, the Belgian authorities stepped in and the Minister of Finance announced a state guarantee scheme on October 15, 2008, which drew heavily from a Belgian, French, and Luxembourg guarantee for Dexia finalized on October 14, 2008.

Much like Dexia's program, the state guarantee scheme entered into force retroactively, covering liabilities issued from October 9, 2008 to October 31, 2009, with a final maturity date of October 31, 2011, for a maximum maturity of three years. Eligible liabilities were quite broad, and could be bonds, debt securities, interbank, fiduciary, central bank and institutional deposits, as well as commercial paper and certificates of deposits and medium-term notes. Initially, the fee structures were unspecified, which suggested that a per-bank analysis would be used. After requests from the ECB for more clarity in consultation reports, as well as continued macroeconomic stresses across the region, the Belgian government issued the Royal Decree of 14 April 2009, which specified a 70 basis point set up fee for the principal amount to be guaranteed, as well as a 100 basis point fee, paid quarterly, for the amount covered. Additionally, the program was extended once in September of 2009, with issuance and maturity windows extended to October 31, 2010 and October 31, 2014, respectively.

The guarantee scheme was an opt-in program, meaning Belgian banks had to apply and be accepted by the Belgian government before they could start issuing guaranteed debt. The Belgian government did not opt to put an explicit ceiling on the guarantee. However, they required banks to take measures that would "support their financial situation", and that the guarantee be "justified in the interests of the Belgian economy and by the protection of all depositors." Additionally, the Minister of Finance could impose additional conditions if he or she saw fit, and he or she would have the ability to reject any institution at any time.

Between October 15, 2008 and October 31, 2010, when the issuance window closed no banks had applied for and utilized the guarantee scheme. It was not renewed again.

Summary Evaluation

While the general guarantee was not used, Belgium used asset purchases, capital injections, and deposit insurance increases tools in addition to their debt guarantee program either in systemic or ad-hoc ways. IMF evaluation of Belgium's crisis response measures made several recommendations but didn't have much to say on the effectiveness (or potentially lack thereof) of the state debt guarantee program.

Table of Contents

I. Overview

Background

Following the failure of Lehman Brothers in September of 2008, global financial markets were shaken significantly. Many of the largest and the most leveraged global systemically important banks (G-SIBs) saw their positions in various securities and derivatives (most notably housing related) worsen dramatically. This market pressure manifested itself as a global drying-up of liquidity and short and medium-term, wholesale funding.

Spreads on Belgian sovereign CDS of varying maturities rose steadily in 2008, increasing from between 1 and almost 60 basis points depending on maturity by October of 2008. Additionally, the EURIBOR-OIS Spread, which serves the same purpose as the oft-cited LIBOR-OIS spread as a proxy for overall market credit risk in European banks, rose from less than 10 basis points to almost 100 basis points for all maturities, and nearly 165 basis points for longer-term maturities in the third quarter of 2008, just before the program was implemented.

Belgian banks were no different, with sharp declines in share prices and steep price increases for access to wholesale financing. Several of the largest banks, including Fortis and Dexia, saw premiums on their CDS of various maturities shoot up by several hundred basis points, peaking out at around 500 for the two (2009 Financial Stability Overview). In particular, four of the largest Belgian institutions: Dexia, Fortis, KBC, and Ethias, demonstrated an extreme need for more capital as institutional depositors and other sources of wholesale funding continued to pull away.

The lack of liquidity prompted the Belgian government to push an unprecedented amount of state aid into its financial sector. This ranged from increasing the deposit insurance ceiling from EUR 20,000 to EUR 100,000, to substantial targeted capital injections for a small group of systemically important financial institutions totaling tens of billions of Euros, to broad based state asset and liability guarantee schemes to cover assets and liabilities entered into by Belgian financial institutions. This case study will be focused specifically around the government's program to guarantee liabilities.

Program Description

The original guarantee, based on the Law of October 15, 2008 in the Belgian Official Gazette, aimed to restore confidence in the financial sector and promote access to funding sources that had been closed off due to the global credit crunch. The Law of October 15, 2008 introduced Article 117*bis* in the Law of 2 August 2002 (later abrogated by Article 23 of the Law of 2 June 2010)[2]. Article 117*bis* gave the Belgian government the ability to enact policies that could deviate from implemented financial statutes based on exigent circumstances and the condition of its financial system. It gave the Belgian authorities a substantial amount of legal flexibility in a time of crisis, and specifically vested the Belgian government[3] with the power to adopt a "system of guarantees of commitments entered into by supervised institutions" (Article 117*bis,* Belgian National Gazette, 2008-10-17) Solvency and liquidity concerns, particularly with larger banks like

[2] Article 117 itself specified that the National Bank of Belgium (NBB), the Banking, Finance, and Insurance Commission (CBFA), and the Office of Insurance Control (OCA) would work together and collaborate on matters of common interest, which included (1) "the stability of the financial system as a whole"; (2) "the interactions between prudential supervision and control of systemic risks of payment and settlement systems"; (3) "coordination of crisis management"; and (4) "the guarantee of deposits and the protection of investors", among others (Article 117, Belgian National Gazette, 2002-09-04).

[3] The King acting by Royal Decree, i.e. a mandatory legal act of general application adopted by the executive branch.

Dexia, Fortis, and others, had been mounting, and the adoption of Article 117*bis* by the Law of October 15, 2008, pursuant to which eligible institutions could issue government-guaranteed debt, would allow the Belgian authorities to implement any programs necessary to alleviate these substantial pressures. The government implemented Article 117*bis* and adopted the Royal Decree of 10 December 2008 on the guarantee of certain risks assumed by financial institutions.

The types of eligible liabilities were extensive, and included, "…all of the financing raised by a beneficiary institution in order to obtain refinancing from credit institutions and institutional counterparties and would cover instruments such as bonds and debt securities issued by the beneficiary to institutional investors, as well as interbank deposits, fiduciary deposits, deposits of central banks, deposits of institutions, commercial paper, certificates of deposits and medium-term notes…" There was some objection to the breadth of the eligibility criteria by the ECB, specifically with respect to the decision to include interbank deposits. No specific liabilities were excluded. (CON/2008/50)

The conditions that were required of participating financial institutions were (i) beneficiaries would take measures aimed at supporting their financial situation, solvency, and liquidity, and (ii) the granting of such a guarantee would be justified in the interests of the Belgian economy and by the protection of all depositors. The ECB also raised objections to these conditions, citing the Law of 2 August 2002's requirement of a "…sudden crisis on the financial markets or of a serious threat of systemic crisis…" and arguing that Belgium's conditions did not reflect this requirement. These conditions were not amended in the final version of Article 117*bis*.

In order to actually invoke the guarantee, institutions would also have to prove (i) that they would not be able to issue new liabilities to cover maturing liabilities absent the guarantee and (ii) that the guarantee would be "necessary to ensure their continuity." Additionally, the Minister of Finance would be allowed to lay down further conditions for the guarantee, including "setting its ceiling, specifying the remuneration to be paid for the granting of the guarantee, and any other modality aimed at ensuring compliance with the two abovementioned conditions (CON/2008/50)."

The Belgian approach was an "opt-in" one, and so banks had to apply to in order to gain access to the guarantee. The fee structure was originally unspecified, suggesting that a per-bank analysis would be used to assess the exact fee amounts. (CON/2008/71) The policy applied retroactively, covering bonds that had been issued or renewed from October 9, 2008 until October 31, 2009, with maturity dates of no later than October 31, 2011. Therefore, obligations at most, could have a three-year maturity window, though these windows would be extended later for certain institutions (like Dexia). The types of liabilities that were covered could be liabilities of supervised institutions, certain cooperative equities, certain losses on instruments under asset management, or liabilities for regional government cooperatives. (Petrovic and Tutsch, 2009).

There was an addendum made by Royal Decree on December 10, 2008 under the same legal basis, but was more a guarantee around certain types of assets and the risk of losses, rather than liabilities.[4] Additional amendments under the same basis were made in March of 2009.[5] The primary goal of these particular

[4] This addendum had the same legal basis as the original guarantee, and would cover liabilities from financial or mixed financial holding companies. They could be (i) commitments aiming at covering losses or risk of losses on financial assets held by subsidiaries of a beneficiary, and (ii) the commitments and the State guarantee can contribute to helping the beneficiary or any subsidiaries avoid being exposed to a serious need for more liquidity. The conditions for this addendum were the same as the original law, in that they required institutions to take measures that would support their financial situations, and that the guarantee would be used in the interest of the greater Belgian economy.

[5] The March 11 2009 amendment, while narrow in scope, extended the purview of the original guarantee by allowing the Belgian State to, in certain circumstances, guarantee commitments for institutions who are buying assets from their own subsidiaries. On March 18, 2009, the scheme's criteria were expanded to include: (i) "certain claims held by supervised financial institutions",

decrees were to prevent substantial liquidity outflows due to third-parties demanding cash or early repayment in the event of a ratings downgrade, which could lead to insolvency, would be less likely to occur.

While the fee structures were unspecified in the original agreement (CON/2008/74) another Royal Decree, issued on April 14, 2009, clarified and homogenized these. The amendment provided that remuneration for the guarantee had fees that were: (i) A set-up fee of 70 basis points of the principal amount the guarantee covers, and (ii) an annual guarantee fee of 100 basis points of the principal amounts covered by the guarantee, paid quarterly.

Outcomes

The guarantee scheme was renewed on October 7, 2009 by the Belgian authorities despite the lack of usage. This extension was done primarily because it was seen as "necessary given the continuation of financial market turbulence, and in particular financial institutions' continued refinancing difficulties." The Belgian authorities extended the final maturity date of the state guarantee from October 31, 2011 to October 31, 2014. Additionally, the window during which guaranteed liabilities could be issued was extended from October 31, 2009 to October 31, 2010. Finally, the maximum maturity window was also increased to match the new conditions. The Belgian, French, and Luxembourg authorities would, on October 14, 2009, amend the issuance window and maturity horizon in the Dexia agreement in the same way.

At the time, financial markets in Europe had not rebounded, with Belgian sovereign CDS and EURIBOR-OIS spreads remaining well above their pre-crisis levels. At the end of 2009, the former ranged from 20 to 60 basis points based on maturity, and the latter leveled out at shorter maturities but still eclipsing 50 basis points for longer ones. These spreads would widen dramatically again as the European sovereign debt crisis began to unfold from 2010 onwards. *Figures 1 and 2* show the widening of Belgian sovereign CDS and EURIBOR-OIS spreads, respectively.

Despite the extension, no banks applied for the state guarantee scheme. As it stands today, the program was not extended again.

II. Key Design Decisions

1. **The state guarantee scheme was seemingly a part of a package of state policy measures passed in October of 2008 to instill confidence in the Belgian banking system.**

In addition to the debt guarantee scheme, the Belgian government also increased its limit of deposit insurance covered by the Protection Fund from EUR 20,000 to EUR 100,000. They also incorporated a broad-based asset protection scheme from the Royal Decree of December 10, 2008 that covered, "…directly or indirectly, losses or risks of losses on financial assets held by subsidiaries, whether direct or indirect, of the guaranteed entity…", and capital injections for certain large institutional rescues as well. The Belgian government also engaged in a number of ad-hoc rescues, the most notable of which being that of Dexia. The Dexia agreement, finalized on October 14, 2009, is what the state guarantee scheme was based off of.

---

referencing a Fortis SPV used to acquire some of the bank's structured assets portfolio, (ii) "repayment to natural persons who are partners of a cooperative company… of their shares in such a company, provided it is a supervised institution or that at least half of its assets are invested in a supervised institution." (iii) additional losses pertaining to asset protection schemes and excessive losses on portfolios of toxic assets, or "liabilities taken on by entities whose business is to acquire and manage assets held by supervised institutions (e.g. a guarantee granted to a 'bad bank', a special purpose vehicle created to acquire a portfolio of toxic assets held by supervised institutions).

2. **The 2008 guarantee scheme drew its authority from Article 117*bis*, introduced in the Law of 2 August 2002 by the Law of October 15, 2008.**

Article 117*bis*, introduced by the Law of October 15, 2008, added to the statutory authority of Article 117 of the Law of 2 August 2002, which specifically outlined financial stability and crisis management, among other things, as matters of common interest between the National Bank of Belgium (NBB), the Banking, Finance, and Insurance Commission (CBFA). Article 117*bis* allowed the Belgian government to "provide for supplements to, or deviations from, the Belgian Credit Institutions Supervision Law, the Insurance Undertakings Supervision Law, the Investment Services Law, and the Financial Sector and Financial Services Supervision Law" under exigent circumstances. It also provided for "a system of state guarantees for credit institutions, insurance undertakings and other financial institutions (as will be further determined by Royal Decree)".

3. **The guarantee scheme was subject to European Commission approval.**

4. **The Belgian Ministry of Finance (Federal Public Service Finance) was in charge of administering the scheme.**

5. **There was no explicit maximum amount that the Belgian government would guarantee.**

The authorities' approach was to evaluate any bank that came forward on a case-by-case basis. While no guaranteed debt was issued it there was never a total size specified for the program.

6. **Most Belgian financial institutions were eligible.**

All credit institutions, financial holding companies, investment firms, as well as any financial institution under prudential supervision were eligible to participate. (Petrovic and Tutsch, 2009)

7. **Initially, the types of eligible debt were very broad, and included liabilities of supervised institutions, commercial paper, and interbank deposits, among others.**

Specifically, the Belgian government publically announced that liabilities covered would include, "…all of the financing raised by a beneficiary institution in order to obtain refinancing from credit institutions and institutional counterparties and would cover instruments such as bonds and debt securities issued by the beneficiary to institutional investors, as well as interbank deposits, fiduciary deposits, deposits of central banks, deposits of institutions, commercial paper, certificates of deposits and medium-term notes…" (CON/2008/50)

However, the ECB indicated in its initial consultations on the law that it believed the criteria for eligible debt was too broad, particularly with the inclusion of interbank deposits, with concerns primarily addressing the difficulties that such broad-based eligibility criteria would harm Euro-area efforts to harmonize monetary policy responses. The Belgian government did not address these criticisms and kept interbank deposits included. (CON/2008/50)

8. **The maximum maturity for guaranteed debt under the original agreement was 3 years, with an ultimate maturity date of October 31, 2011. The maximum maturity and ultimate date were both extended in 2009.**

Debt that would have been issued under the October 2008 guarantee had an ultimate maturity date on October 31, 2011, therefore the maximum maturity for any guaranteed debt would have been three years. However, the issuance window and maturity horizon were extended on October 7, 2009, to October 31, 2011 and for liabilities maturing up to October 31, 2014, respectively.

9. **All currencies appear to have been eligible for the scheme.**

10. **There were no explicit individual caps.**

There is no indication that individual ceilings were a part of the guarantee.

11. **Fee structures were implied to be case-by-case at the start of the agreement, but would later be clarified by the Royal Decree dated 14 April of 2009**

The state guarantee's fee structures were originally to be determined on a case-by-case basis (CON/2008/74), but were further specified by the Royal Decree of April 14, 2009. The fees included a set-up fee of 70 basis points of the principal amount the guarantee covers and an annual guarantee fee of 100 basis points of the principal amounts covered by the guarantee, paid quarterly.

12. **Banks had to take broad-based measures to improve their financial situation and prove there was sufficient need for a guarantee.**

Participation conditions for beneficiaries mandated them to "take measures aimed at supporting their financial situation, solvency, and liquidity", and that, should a guarantee be granted, it would be in the interests of the Belgian economy and by the protection of all depositors.

After being approved, beneficiaries would only be able to invoke a state guarantee if they were able to show that it would not be possible for them to meet the liabilities that would be covered by said guarantee at their maturity and that the invoking of said state guarantee was necessary for its continuity (CON/2008/50).

13. **There were no additional conditions imposed for the state guarantee scheme. However, the Minister of Finance was entitled to impose more if he or she saw fit.**

The Finance Minister had substantial discretionary authority to "…lay down further modalities and conditions for a State Guarantee, including setting its ceiling, specifying the remuneration to be paid for the granting of the guarantee, and any other modality aimed at ensuring compliance with the two abovementioned conditions." (CON/2008/50) The Minister of Finance could also terminate any guarantee agreement at any time.

14. **The Issuance Window for the program originally ended at the end of October 2009, but were extended for another year.**

The original state guarantee was implemented October 17, 2008 but was retroactive from October 9, 2008 to October 31, 2009, with an ultimate maturity date of October 31, 2011. It was later extended on October 7, 2009, which lengthened the issuance window to October 31, 2010 and the ultimate maturity date to October 31, 2014.

III. Evaluation

There does not appear to be any specific analysis for the Belgian credit guarantee scheme. However, in 2013, the IMF released a comprehensive analysis of how the Belgian government responded to the crisis, including best practice guidelines. Some of the recommendations that the Fund made included (i) enhancing the National Bank of Belgium's (NBB) resolution authority role by broadly formalizing and making explicit many of its powers; (ii) requiring recovery and resolution plans for any systemically important Belgian firms; (iii) formalizing frameworks for bank resolution and/or insolvency, with consideration given to further broaden these for holding companies and non-systemic institutions; and (iv) ensuring strict conditionality on any agreements or guarantees made ("Belgium: Technical Note on Crisis Management and Bank Resolution Framework").

It is worth noting that, while the IMF made several sweeping recommendations in their report, they had very little to say on the effectiveness (or potentially lack thereof) of the debt guarantee program. The only specific recommendation is that they had with respect to guarantees was that the National Bank of Belgium should "…henceforth exercise restraint in granting new guarantees to avoid a further migration of potential private losses to the sovereign balance sheet." However, there was extensive discussion on a potential redesign of Belgium's deposit guarantee scheme. With respect to broad crisis management tools, the IMF recommended "greater options for burden sharing (e.g., bail-in)…" and a general broadening of the powers given to Special Inspectors and *ex-ante* judicial review to ensure financial stability (Belgium: Technical Note on Crisis Management and Bank Resolution Framework").

The Belgian government also sought the opinions of the ECB on many of these Royal Decrees. In general, the ECB's evaluations were largely approving, with emphasis around ensuring that any national efforts would be coordinated with other EU-member states to 'act in a united manner and avoid that national measures adversely affect the functioning of the single market and the other member States'. The ECB also warned against keeping the range of eligible liabilities too broad. They specifically cited Belgium's decision to include interbank deposits as eligible due to the distortions it could have on the Euro-area money market and national banks' abilities to coordinate monetary policy. Belgium did not opt to exclude interbank deposits in their final version of the Royal Decree. In addition, the ECB cautioned the Belgian National authorities to ensure that banks with guarantees would not abuse this status to gain an edge over their non-guaranteed counterparts (ECB Opinion CON/2008/50).

IV. References

Ana Petrovic and Ralf Tutsch , "National Rescue Measures in Response to the Current Financial Crisis" European Central Bank (ECB) Legal Working Paper Series, ECB. July 2009. https://www.ecb.europa.eu/pub/pdf/scplps/ecblwp8.pdf

Aviram Levy and Sebastian Schich, "The Design of Government Guarantees for Bank Bonds: Lessons From the Recent Financial Crisis", OECD Journal of Financial Market Trends, Issue 1, Volume 2010. Organization for Economic Cooperation and Development. https://www.oecd.org/finance/financial-markets/45636972.pdf

Aviram Levy, Giuseppe Grande, Fabio Panetta and Andrea Zaghini. "Public Guarantees of Bank Bonds: Effectiveness and Distortions." OECD Journal of Financial Market Trends, Issue 2, Volume 2011. Organization for Economic Cooperation and Development. https://www.oecd.org/finance/financial-markets/49200208.pdf

Avriam Levy and Adrea Zaghini, "The Pricing of Government-Guaranteed Bank Bonds."

Bank of Italy Research Paper Series - Temi di Discussione (Working Papers). Bank of International Settlements. 22 March 2010. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1670098

"Belgium: Technical Note on Crisis Management and Bank Resolution Framework", IMF Country Reports, International Monetary Fund, 13 May 2013. https://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2013/_cr13135.ashx

Maurice Nettley, "Classification of Payments to Deposit Insurance and Financial Stability Schemes", Organization for Economic Cooperation and Development (OECD). http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=STD/CSTAT/WPNA(2010)21&doclanguage=en

"Financial Stability Review 2009", National Bank of Belgium. 30 June 2009. https://www.nbb.be/doc/ts/publications/fsr/fsr2009en.pdf

"Law of 2 August 2002 on the supervision of the financial sector and on financial services", Belgian Official Gazette, 4 September 2002. https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2002%2F08%2F02%2F2002003392%2Fmoniteur&sandbox=1

OPINION OF THE EUROPEAN CENTRAL BANK of 8 October 2008 at the request of the Belgian Ministry of Finance on a preliminary draft law on measures promoting financial stability and in particular establishing a State guarantee for the provision of credit in the context of financial stability (CON/2008/46), 3 October 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_46_f_sign.pdf

OPINION OF THE EUROPEAN CENTRAL BANK of 17 October 2008 at the request of the Belgian Ministry of Finance on a draft royal decree adopted under Article 117bis of the Law of 2 August 2002 on the supervision of the financial sector and on financial services (CON/2008/50), 17 October 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_50_f_sign.pdf

OPINION OF THE EUROPEAN CENTRAL BANK of 21 November 2008 at the request of the Belgian Ministry of Finance on a draft royal decree on the guarantee for certain risks assumed by financial institutions (CON/2008/74) https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_74_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 19 March 2008 at the request of the Belgian Ministry of Finance on a draft royal decree amending the Royal Decree of 10 December 2008 on the guarantee for certain risks assumed by financial institutions (CON/2009/25)", 19 March 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_25_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 25 March 2009 at the request of the Belgian Ministry of Finance on a draft law amending the Law of 2 August 2002 on the supervision of the financial sector and on financial services (CON/2009/29)", 25 March 2009. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_29_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 23 September 2009 on an extension of the State guarantee covering liabilities of credit institutions (CON/2009/73)", 23 September 2009. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_73_f_sign.pdf

Sebastian Schich and Byoung-Hwan Kim. "Guarantee Arrangements for Financial Promises: How Widely Should the Safety Net be Cast?"OECD Journal of Financial Market Trends, Issue 1, Volume 2011. Organization for Economic cooperation and Development. https://www.oecd.org/finance/financial-markets/48297609.pdf

"State aid: Overview of National Rescue Measures and Deposit Guarantee Schemes." European Commission MEMO/08/619, European Commission, 14 October 2008. http://europa.eu/rapid/press-release_MEMO-08-614_en.pdf

"Summary of Government Interventions: Belgium." Mayer Brown, 21 April 2009. https://www.mayerbrown.com/public_docs/0269fin_Summary_Government_Interventions_Belgium.pdf

"The Belgian Deposit Guarantee Scheme in a European Perspective.", Economic Review, National Bank of Belgium, 6 December 2010. https://www.nbb.be/en/articles/press-release-belgian-deposit-guarantee-scheme-european-perspective

Yves Brosens, "Summary of the Belgium Rescue Plan to Stabilise the Financial Markets" DLA Piper. http://files.dlapiper.com/files/upload/DLA_Piper_EMEA_Govt_Rescue_Plan_Belgium_14_Nov.PDF

V. Key Program Documents

Summary of Program

Belgian official gazette, historical and current. http://www.ejustice.just.fgov.be/cgi/welcome.pl

Law introducing measures to promote financial stability and establishing, in particular, a State guarantee for credits granted and other operations carried out in the context of financial stability. Law of 15 October 2008.
https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2008%2F10%2F15%2F2008003425%2Fmoniteur

Royal Decree on the guarantee of certain risks assumed by financial institutions. Royal Decree of 10 December 2008.
https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2008%2F12%2F10%2F2008003503%2Fmoniteur

Royal Decree amending the Royal Decree of 10 December 2008 on the guarantee of certain risks assumed by financial institutions. Royal Decree of 26 April 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F04%2F26%2F2009003171%2Fmoniteur
Royal Decree on the Protection of Deposits and Life Insurance by the Special Fund for the Protection of Deposits and Life Insurance. Royal Decree of 16 March 2009.

https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F03%2F16%2F2009003114%2Fmoniteur&sandbox=1

Act to amend the Act of 2 August 2002 on the supervision of the financial sector and financial services. Royal Decree of 14 April 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2009%2F04%2F14%2F2009003147%2Fmoniteur&sandbox=1

Royal Decree granting a State guarantee to certain loans from the Holding Communal. Royal Decree of 14 April 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F04%2F14%2F2009003146%2Fmoniteur

Royal Decree amending the Royal Decree of 23 September 2008 determining certain acts constituting market abuse. Royal Decree of 22 September 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F09%2F22%2F2009003352%2Fmoniteur

Royal Decree amending the Royal Decree of 14 April 2009 granting a State guarantee to certain loans from the Holding Communal. 30 September 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F09%2F30%2F2009003374%2Fmoniteur&sandbox=1

Royal Decree amending the Royal Decree of 16 October 2008 in implementation of Article 117bis of the Law of 2 August 2002 on the Supervision of the Financial Sector and Financial Services. Royal Decree of 7 October 2009.
https://translate.google.com/translate?hl=en&sl=fr&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Farrete%2F2009%2F10%2F07%2F2009003380%2Fmoniteur&sandbox=1

Legal / Regulatory Guidance

"Law of 2 August 2002 on the supervision of the financial sector and on financial services", Belgian Official Gazette, 4 September 2002.
https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2002%2F08%2F02 %2F2002003392%2Fmoniteur

"Law on the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and carrying various provisions (1)", Belgian Official Gazette. 2 May 2007.
https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2007%2F05%2F02%2F2007003215%2Fmoniteur

"Law amending the law of August 2, 2002 on the supervision of the financial sector and financial services, as well as the law of February 22, 1998 establishing the organic status of the National Bank of Belgium, and carrying various provisions (1)" Belgian Official Gazette. 2 July 2010.
https://translate.google.com/translate?hl=en&sl=auto&tl=en&u=http%3A%2F%2Fwww.ejustice.just.fgov.be%2Feli%2Floi%2F2010%2F07%2F02%2F2010003365%2Fmoniteur

OPINION OF THE EUROPEAN CENTRAL BANK of 8 October 2008 at the request of the Belgian Ministry of Finance on a preliminary draft law on measures promoting financial stability and in particular establishing a State guarantee for the provision of credit in the context of financial stability (CON/2008/46), 3 October 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_46_f_sign.pdf

OPINION OF THE EUROPEAN CENTRAL BANK of 17 October 2008 at the request of the Belgian Ministry of Finance on a draft royal decree adopted under Article 117bis of the Law of 2 August 2002 on the supervision of the financial sector and on financial services (CON/2008/50), 17 October 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_50_f_sign.pdf

OPINION OF THE EUROPEAN CENTRAL BANK of 21 November 2008 at the request of the Belgian Ministry of Finance on a draft royal decree on the guarantee for certain risks assumed by financial institutions (CON/2008/74) https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2008_74_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 19 March 2008 at the request of the Belgian Ministry of Finance on a draft royal decree amending the Royal Decree of 10 December 2008 on the guarantee for certain risks assumed by financial institutions (CON/2009/25)", 19 March 2008. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_25_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 25 March 2009 at the request of the Belgian Ministry of Finance on a draft law amending the Law of 2 August 2002 on the supervision of the financial sector and on financial services (CON/2009/29)", 25 March 2009. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_29_f_sign.pdf

"OPINION OF THE EUROPEAN CENTRAL BANK of 23 September 2009 on an extension of the State guarantee covering liabilities of credit institutions (CON/2009/73)", 23 September 2009. https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2009_73_f_sign.pdf

Press Releases / Announcements

"Belgium - 2008 Article IV Consultations: Concluding Statement of the Mission"

Academic Papers

Aviram Levy and Sebastian Schich, "The Design of Government Guarantees for Bank Bonds: Lessons From the Recent Financial Crisis", OECD Journal of Financial Market Trends, Issue 1, Volume 2010. Organization for Economic Cooperation and Development.

Avriam Levy and Adrea Zaghini, "The Pricing of Government-Guaranteed Bank Bonds."

Bank of Italy Research Paper Series - Temi di Discussione (Working Papers). Bank of International Settlements. 22 March 2010.

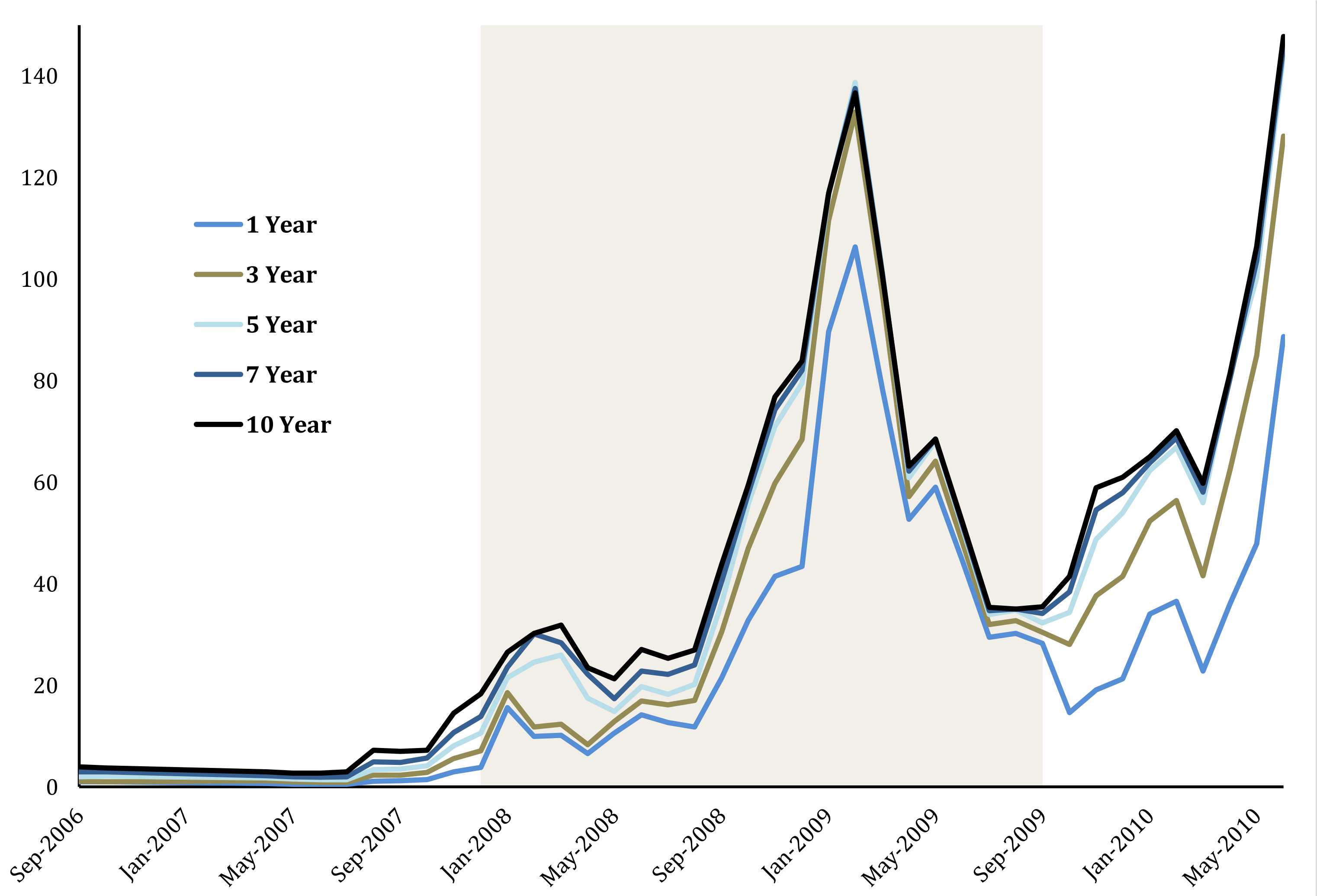
"Belgium: Technical Note on Crisis Management and Bank Resolution Framework", IMF Country Reports, International Monetary Fund, 13 May 2013.

Igor Lebrun. "What has been the damage of the financial crisis to Belgian GDP?" Federal Planning Bureau, Economic Analysis and Forecasts. Federal Planning Bureau. June 2011. https://www.plan.be/admin/uploaded/201106221430150.wp201108.pdf

"Financial Crisis: causes and initial consequences." Quarterly Newsletter, October 2008. Federal Planning Bureau. October 2008. https://www.plan.be/admin/uploaded/200811131501550.stu0308.pdf

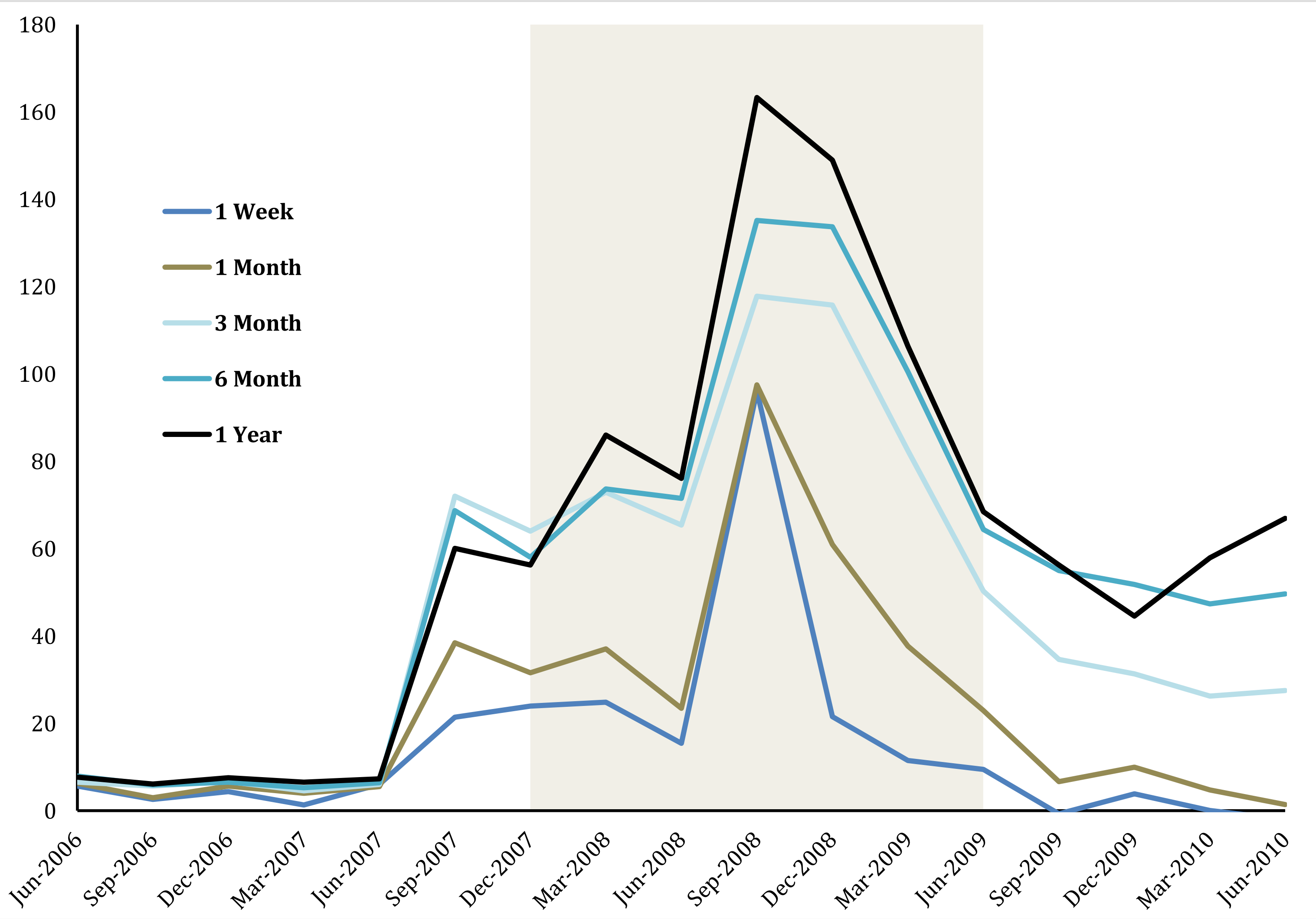
Data Annex

Figure 1: Belgian CDS Spreads for selected maturities (bps)



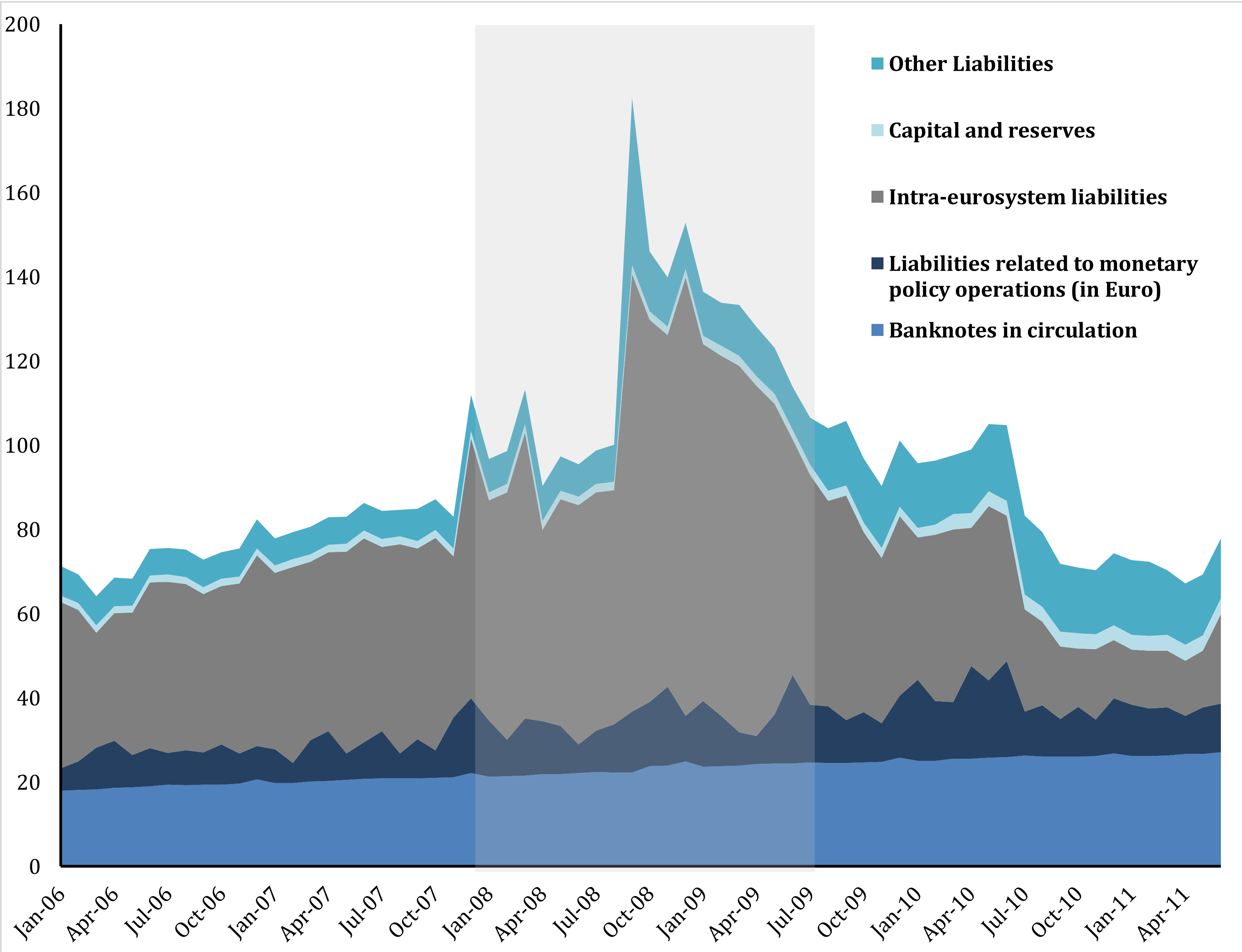
Source: Bloomberg

Figure 2: Euribor-OIS Spreads for selected maturities



Source: Bloomberg

Figure 3: Liabilities of the National Bank of Belgium (€ billions)



Source: National Bank of Belgium statistical data warehouse