

THE FEDERAL AGENCY FOR FINANCIAL MARKET STABILISATION IN GERMANY: FROM RESCUING TO RESTRUCTURING

by

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Abstract

One important element of the response to the crisis in Germany was the establishment of a new institution, the Bundesanstalt für Finanzmarktstabilisierung (Federal Agency for Financial Market Stabilisation, henceforth FMSA). The aim was to supplement the range of tasks performed by the Deutsche Bundesbank and the Bundesanstalt für Finanzdienstleistungsaufsicht (the Federal Financial Supervisory Authority). Neither one of these two institutions nor the legal framework, including especially the insolvency laws, were adequate for rescuing and restructuring stressed banks. While the FMSA was initially conceived as a temporary undertaking, the new German Restructuring Act implies that the FMSA is now a permanent part of the German banking landscape.

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