

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Bc. Petra Budská
Advisor:	PhDr. Petr Teplý, Ph.D.
Title of the thesis:	The Regulatory Arbitrage between Basel III and Solvency II: The Role of Alternative Risk Transfers Demonstrate on CDS Spreads – The Case of Italy

OVERALL ASSESSMENT

The main interest of the author is to explore existence of a regulatory arbitrage between banking and insurance sector in Italy. I find the topic interesting and up-to-date. In the first part of the thesis author summarizes connected theory: Basel III Accord, Solvency II, basic principles of securitization and reinsurance. Unfortunately, a chapter devoted to a literature overview is missing. The second part presents the methodology, variables, three hypotheses that are tested by the author and main findings.

Some comments follow:

- Empirical part contains too much econometric theory (panel data regressions, stepwise method, cointegration tests, VECM). Johansen cointegration test and VECM would be sufficient. Author would then have more space to better explain the theory together with an existing literature overview. I miss the theoretical grounds for the first hypothesis, therefore I think it is redundant. If the author tests a hypothesis, there should be some theory behind it. (For example: The more CDSs - or other credit derivatives - the company issues the higher the premium it is willing to pay for the insurance. Higher issuance means higher cost for the issuer.)
- P. 55 "... annual data I used as a quarterly, due to the fact that for that kind of data this approach is possible" - it is very insufficient explanation of such an important step. I did not find any other comments on this treatment with the data or references to the literature. With such a short time series is this simplification of essential importance for the results of the model and it is very limiting.
- The thesis has a nice and logical ordering, but the formatting is weaker.
- Missing references: e.g. second and third paragraph on p.16, first half of p.42, section 3.3.1.1.2, 3.3.1.1.3 ...
- There are many grammatical errors that make the thesis quite difficult to read.

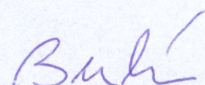
In the case of a successful defense, I recommend "velmi dobře" (good, 2).

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Literature (max. 20 points)	10
Methods (max. 30 points)	25
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	10
TOTAL POINTS (max. 100 points)	65
GRADE (1 - 2 - 3 - 4)	2

NAME OF THE REFEREE: PhDr. Petra Buzková

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Referee Signature