

PROBLEMS 2. 23.11.2015

Q1. Justify the statement in the text, that it was obviously impossible to systematically exploit price movements between these two exchanges in either direction.

Q2. *Financial failures.* Using the Internet, investigate the major financial failures of recent years, including:

- (i) Barings;
- (ii) LTCM;
- (iii) Lehman Brothers.

Q3. *Sovereign default.* Using the Internet, investigate the major sovereign debt defaults of recent years (governments reneging on debts).

Q4. *Financial fraud.* Using the Internet, investigate the major financial frauds of recent years, including:

- (i) Barings;
- (ii) Société Générale;
- (iii) UBS.

NHB

Optional extra:

Q5. One of the great problems in the financial system is instability (cf. the recent meeting on 30.9.2015, CEPR Financial Regulation Initiative), with great knock-on effects on the real economy, job prospects (including yours), etc. Do you have a view as to what can/should/might be done?