

Autumn 2021

JUS5880 - Financial Market Law and Regulation

1. Earlier this year the China Evergrande Group did not manage to pay its debt. Evergrande was described as “an enormous—and heavily indebted—private-sector Chinese property developer and home builder that is close to defaulting on some of its billions of dollars in debt”. Commentators said Evergrande was “too big to fail”, and that its failure could threaten the stability of the financial system, not only in China.
2. Explain how systemic risk and “too big to fail” underpin banking regulation, and you may also discuss how this may apply to other financial institutions such as insurance companies and investment funds.
3. In your view, do these concerns apply to Evergrande, and should authorities including central banks and banking regulators be concerned with Evergrande.