

1. The governance model in the financial system is sometimes described as a ‘decentred regulatory space.’ Explain what is meant by this concept and why it is useful when discussing regulation and governance of the financial system.

2. Instilling and maintaining trust and confidence in the financial system, its actors and functions are underlying aims of financial regulation. Explain why this is important and give examples of how rules and/or governance mechanisms pertaining to the financial system contribute towards this end. Can we know with full certainty that the current regulatory situation is sufficient to ensure an adequate level of trust and confidence now and in the future? Give your opinion and state your reasons.

Both question 1. and 2. should be answered.