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## International Finance Law

28 June 2023

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**Duration:** 120 minutes

- The examination contains 2 pages and 3 questions.

### Notes on solving the questions

*Your answer must contain a discussion and analysis of the main legal (and related policy issues) based on information from lectures and readings. Exam points will be awarded for identifying the main issues and providing the relevant analysis.*

*Note: You should address as many of the relevant issues and/or concepts raised as possible. However, you will not receive full points simply for copying information off the lecture slides. Please make an effort of analysis, comparison and criticism to achieve full points.*

### Notes on marking

- When grading the exam each question is weighted separately. Points are distributed to the individual questions as follows:

Question 1	20 points	20%
Question 2	30 points	30%
Question 3	50 points	50%
	...	
	_____	_____
Total	100 points	100%

**We wish you success!**



**Question 1 (20%)**

Discuss the institutional and legal structure of international financial regulation. In your view, does it need to be reformed? Why or why not?

**Question 2 (30%)**

BC Banking Company ('BC Bank') is a large systemically-important global bank with headquarters in Switzerland and many subsidiaries operating in multiple foreign countries. BC Bank had a profitable year in 2022. BC Bank operated with 13% Tier 1 regulatory capital in 2022, but the global economic slowdown in late 2022 and 2023 has significantly increased the number of loan defaults and trading losses for the bank causing its Tier 1 capital to drop to 7.5% in mid-2023. Moreover, the bank has a large exposure in its loan book to fossil fuel energy companies and to firms that do business in the fossil fuel energy sector. Also, BC Bank was found liable for having mis-sold investment products to its retail customers through its bank trading platform leading to approximately CHF 100 million in losses for its customers.

The BC Bank Board of Directors has asked you to advise it regarding what the regulator can require it to do to address the above problems. In considering what the regulator can do, discuss the relevant areas of international financial regulation discussed in class and the mandatory readings.

**Question 3 (50%)**

Investor protection is a fundamental aspect of international financial regulation. It ensures the rights and interests of investors are safeguarded in the global financial system.

Consider the following scenario and answer the questions that follow:

Country X is a popular destination for foreign investors due to its growing economy and attractive investment opportunities. However, concerns have been raised about the level of investor protection in the country. The regulatory framework in Country X is evolving, but there are still gaps that need to be addressed.

Recently, Investor A, a foreign investor, encountered a significant problem while investing in Country X. Investor A purchased shares in a local company based on false financial statements provided by the company. As a result, Investor A suffered substantial financial losses. The local regulatory authorities have been slow to respond to Investor A's complaints, and it seems that the legal remedies available in the country are inadequate.

Questions:

1. Identify and explain two key components of investor protection that should be present in a robust regulatory framework.
2. Analyze the specific challenges faced by Investor A in seeking redress for the financial losses suffered in Country X. What factors hindered Investor A's ability to obtain appropriate legal remedies?



3. Suggest two measures that could enhance investor protection in Country X. Explain how each measure would address the existing gaps in the regulatory framework.
4. Discuss the role of international cooperation and coordination in promoting investor protection. How can international standards and cooperation among regulatory authorities contribute to addressing the challenges faced by investors in cross-border investments?