assignment

Please respond as concisely and completely as possible to each question within the prescribed word-count limits.

The four parts of the assignment will be equally weighted in setting the grade for this exercise.

You can use any and all resources available to you, but your written work must be entirely your own, with footnotes to imported facts or concepts. Please submit all work in soft copy in MS Word or PDF format.

1. In an article written at the request of Bloomberg a couple of years ago (see Annex 1) Tom Cooley and I took a particular point of view with respect to the systemic risk implications of Systemically Important financial institutions SIFIs) in the context of global financial turbulence. (A) Do you agree or disagree with the proposal from the standpoint of public policy? (B) As Senior Vice President for Strategy of a major SIFI scheduled to make a presentation at a special board meeting on this issue, what would you advise the board to do if they think the proposal will be taken seriously and global economic performance remains sluggish? Part A should not exceed 600 words; Part B should not exceed 1200 words.

2. A great deal of attention was paid to Iceland a couple of years ago– probably more than at any time since the country gained its independence from Denmark in 1944 - as marked by its Independence Day in 17 June each year (Þjóðhátíðardagurinn in Icelandic). One of the largest investors in Iceland is Alcoa, with its substantial Bakki aluminum smelter project. Early in 2009 Alcoa executives had considered whether to suspend the project, based on prospective world aluminum markets and a dramatic deterioration in Iceland's country risk profile during 2007-09. In early 2013, Alcoa is considering a major expansion of the Baki plant involving about $1 billion in capex. You have been asked to sketch-out Iceland's country risk going forward, using a 5-year time horizon and presenting your findings in a way that management can use in its decision on whether to proceed with the expansion project at this time. Create a 3-page PowerPoint presentation for Alcoa management dated 1 February 2013.

3. Evaluate the BlackRock approach to country risk assessment in terms of its theoretical underpinnings, execution and usability for financial and nonfinancial firms that are concerned with cross-border risk exposure.

4. What are the key objectives in the design of the financial architecture? Identify 5 problems in efforts to achieve these objectives on a sustainable basis.

25 points each – 10 page maximum work product in MS word (12 pts).