

BANKING FINANCIAL MANAGEMENT AND
FINANCIAL MARKETS (LCMB7012)

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Introduction

The financial crisis of 2008 is often called the subprime mortgage crisis as it caused a contraction of liquidity within the global financial markets which originated in the United States because of the US housing market collapse as well as threatened the international financial system (Ogbonnaya et al, 2022). Several major commercial banks and investment banks with mortgage lenders insurance companies and savings, and loan associations in this instance failed to precipitate the greater recession. Therefore, this specific assignment will try to identify the laws, regulations and contracts that were enacted through posting the 2008 financial crises through the US regulatory agencies. Along with these, the global player called EU (European Union) laws, contracts and regulations that were enacted after the 2008 financial crisis will be determined (Pattnaik et al, 2020). Additionally, the reforms have contributed towards stabilising the economic crises within the post-2008 crisis. Finally, a US-listed financial service-providing firm will be determined to reform the impact on the company's business model.

1. Detecting the key laws, regulations and contracts that were enacted in the post-2008 financial crises through US regulatory agencies

The greater recession period from 2007 to 2009, the largest economic downfall since the Great Depression had affected the global economy potentially and left millions of people in financially ruined situations. However, certain factors in this instance were found to contribute to such a situation as the 2008 financial crisis of the US housing bubble as well as the consequential mortgage crisis found as the key catalyst of the particular recession (Habanabakize, 2020). As a result, numerous finance laws, regulations and contracts were created after this specific crisis with the aim to prevent history from repeating itself. These laws, regulations and contracts are as follows:

i. Dobb-Frank Wall Street Reform and Consumer Protection ACT 2010

This particular regulation is renowned as one of the key controversial and restrictive reforms that resulted in the form of the financial crisis. This specific law was rolled out in 2010 and effectively targeted mortgage lenders, banks as well as credit rating agencies (Muth, 2021). This was the most influential measure at that time as it introduced the steps designed for regulating the financial sector-based activities as well as protecting the consumers.

CFPB (Consumer Financial Protection Bureau) is one of the key regulation bodies introduced during the Dobb-Frank reform in the post-2008 financial crisis (Tarullo, 2019). As it is an important agency for protecting and monitoring the financial interests of consumers situated in America. Furthermore, FSOC (Financial Stability Oversight Council) is identified to play a key role in monitoring designated SIFIs (Systematically Important Financial Institutions) like insurance firms, banks and other economic institutions that are deemed 'too big to fail' (Aikman et al, 2019). One of the key provisions of this specific financial regulation is the Volcker Rule which is designed for limited speculative investments.

ii. EESA

Emergency Economic Stabilization Act 2008 was initially found to provide the required treasury with around \$700 billion for purchasing 'trouble assets' which are belonging from mostly to bank shares as well as mortgage-backed securities (Duffie, 2019). This particular budget was subsequently declined towards \$475 billion and then TARP (Troubled Asset Relief Program) as the potential program was developed. It ultimately spent \$426.4 billion towards institutions such as BAC (Bank of America), AIG (American International Group Inc.), General Motors (GM), JPM (JP Morgan) and C (Citigroup) (treasury, 2023).

iii. Federal Reserve Act

The *Federal Reserve Act* in this context suggests the extra steps that support the financial markets and economy during as well as after the 2008 financial crisis (Kim et al, 2020). Additionally, the implication of the monetary policy and preliminary federal funds rate had fed the design for the special purposes and lend for diverse market sectors which create standards for the Fed within the regulation, emergency lending activities. The stress testing in this case plays a pivotal role as stress testing on the banking sector influenced the post-2008 financial crisis situation immensely. The two types of stress tests that are applied annually are DFAST (Dodd-Frank Act Supervisory Stress Testing) as well as CCAR (Comprehensive Capital Analysis and Review) (Cumming et al, 2019).

iv. Rule 2a-7

Before 2008, MMFs (Money Market Funds) were potentially considered to be a safe investment. On the contrary, when the reserve funds drop below \$1 per share, the actual safety of the MMFs

comes into question (Sec, 2023). In order to restrict the wider collapse of MMFs, the SEC (Security and Exchange Commission) generated Rule 2a-7 which requires MMFs to restrict holding towards investments which have more conservation maturities as well as credit ratings.

v. Supervisory Letter SR 11-7

In the period of 2011, the Federal Reserve as well as the Office of the Comptroller issued the regulation called SR 11-7 which is still hugely implicated in current days as the base of MRM frameworks (Rule, 2020).

vi. Basel III

This significant financial regulation was also created in 2009 through a syndicate of the central banks within around 28 countries to introduce a set of reforms within banks' leverage ratios in consideration of the reserve capital levels (Ioannou et al, 2019). These regulating contacts were developed to mitigate the risk via enhancing the banking sector-based supervision.

vii. MiFID II

The 2018 regulation after the 2008 financial crisis, the MiFID II (Markets in Financial Instruments Directive II) exposed the limitations of the original MiFID provisions that went into effect in the period of 2007 (Katsaiti, 2019). The regulation in this instance helps in enriching the required transparency by imposing more than tests as well as reporting requirements.

Along with these aspects, the Dodd-Frank financial regulation also amended the existing regulations within the United States such as in the *Securities Act of 1933*, Dobb-Frank changed the regulation D from exempting few securities from the regulation as well as revised the accredited investor definition while removing the primary residence inclusion as part of the net worth of an investor (Binz and Graham, 2022). Additionally, in terms of the *Investment Company Act of 1940*, the *Dobb-Frank Act* generated new insights committees which tightened the restrictions on the aspects of disclosure policies as well as consumer protections (Coates IV, 2020). Similarly, the *Investment Advisers Act of 1940* illustrates the changes within the required regulations for investment advisors that affect both independent investment advisors as well as hedge funds (Capital and Bruce, 2019). Furthermore, Dobb-Frank included new protections for financial incentives and whistleblowers under the law called *Sarbanes-Oxley Act 2002* (Gorshunov et al,

2020). As a consequence, the above-mentioned financial laws, regulations and contracts helped in quelling the 2008 financial crisis. The CFPB as well as FSOC creation in this instance helps in monitoring the financial institutions with consumer protection. The key components that are addressed through these legislative moves are investor protections, mortgage standards, bank regulations and systematic risk in the US regulatory aspects.

2. Identifying the key laws, regulations as well as contracts that were enacted in the post-2008 financial crisis by the EU (European Union)

The effective financial crisis highlighted the requirement for better regulatory aspects as well as financial sector-based supervision. This is the reason why the European Commission has proposed near about 30 sets of rules since 2010 to ensure all financial products, actors as well as markets are perfectly regulated as well as efficiently supervised (Costa and Santana, 2021). These rules are the basic framework for the EU-based 28 Member States that underpin the appropriate functionality of the financial sectors.

This Eurozone crisis provided an extra dimension to such a situation as it illustrated the vicious circle present within sovereigns as well as banks. Therefore, the need for better governance as well as deeper economic, and monetary union for a particular currency of work in the long run became clear. In breaking this circle, a more robust financial industry is not enough. In the specification, therefore the countries with a share of currency were found to more effectively integrate a deeper approach that makes sure of the centralised delivery of all the rules for the 28 member states. That's why the EU Heads of State and Government committed to commit towards a bank union in June 2012 (Kapitsinis and Gialis, 2023). In this instance, the vision was to further develop the blueprint for monetary and economic union in 2012 November. In such a situation, the Heads of State and Government agreed that the legislative works underpinning the financial union or banking union should be completed prior to this legislature ending which thus needs essential milestones for a meeting before the 2013 end (D'Erman et al, 2020).

When the 2008 financial crisis spread to Europe, this country had 27 diverse regulatory systems for the financial sector meant banks in place most of them were based on national rules as well as national rescue measures, although few limited European minimum rules as well as coordination mechanisms were already existing in this context (Emond and Kunertová, 2019). The pre-crisis

framework was not potentially capable of responding to the financial crisis situation that arose in 2008, specifically due to its systematic nature. For example, there were no tools in that place to deal with the collapse of the larger cross-border banks. The aspects that become more considerable in this instance are as follows:

- The ESRB (European Systemic Risk Board) was effectively established in the EU in the post-2008-financial crisis situation so that assessing and monitoring the potential threats towards financial stability which arose from the macro-economic development and the developments in the financial system as a whole became possible (Jena and Barua, 2020). In this aspect, ESRB provides an effective early warning regarding the system-wide risks so that building up the facts where necessary and the issue recommendations regarding the actions to deal with such risks can be possible.
- In June 2009, the European Council unanimously suggested here to establishing a single rulebook application towards all the financial institutions in a single market which means a single rulebook applicable to all the banks in Europe (Landesmann, 2020). In this case, this rulebook represents a corpus regarding the legislative texts that cover all the required information regarding financial products and actors that banks have to comply with a single set of rules across the single market. This fact is found crucial to make sure that there is only good regulation without any loopholes everywhere to guarantee a level of playing fields for the banks as well as the real integrated single markets for financial services.
- The stronger prudential requirements are set in this case by suggesting the package on banks' capital requirements such as CRD IV which transposes through a regulation (Dautović, 2020). In fact, it is a directive to the new global standards on the potential bank capital which is generally renowned as the Basel III agreement within the EU legal framework.
- The agreement on the recast of the Directive on deposit guarantee schemes also plays a pivotal role in this instance as the European Parliament as well as EU Member States have just achieved the provisional agreement on the essential test for the deposit protection that completes the single rulebook on the crisis management. The reform in this case makes sure that faster pay-outs with repayment deadlines effectively decline from 20 working days to 7 and potentially strengthen financing aspects notably via a significant level of ex-ante funding (Shikha and Kapsis, 2023).

- The contracts or agreements of the EU on a bank recovery as well as resolution framework repeated bailouts of the banks that have created a deeply unfair situation with enhanced public debt as well as imposed a heavy burden on the taxpayers. To ensure the fact that the taxpayers would not have to end up bailing out banks repeatedly, the European Commission proposed a general framework of power and rules in June 2012 to help the European Union intervene and manage the bank's difficulties easily (Mertens and Thiemann, 2019).
- Additionally, the EU in the post-2008 financial crisis situation found to establish a significant Banking Union that consists of SSM (Single Supervisory Mechanism) and SRM (Single Resolution Mechanism) (Schelo, 2020). Here, the SSM operated through the ECB (European Central Bank) so that connecting with the overseas as well as regulating the Eurozone banks becomes easy with consistent supervision, developing the banking industry stability. On the contrary, the SRM look after the resolution of the failing banks with taxpayers-funded bailouts minimisation.
- The ESM (European Stability Mechanism) in the EU also in this instance suggest an intergovernmental organisation that provides financial assistance with required loans in the Eurozone countries that face financial issues (Howarth and Spendzharova, 2019). It effectively acts as the safety net for preventing the financial crisis escalation in this region.
- In terms of Consumer Protection Measures as well, the EU implicate diverse directions as well as regulations for risk mitigation within the EU financial sectors. It includes regulations like EMIR (European Market Infrastructure Regulation) that focus on enhancing the transparency of the derivatives in the market with control clearing counterparties establishment (Zazzara,2020).

Justification for the selection of the nation called EU (European Union)

Since the period of 2008, the European Commission has tabled approximately 30 proposals for creating piece-by-piece a sounder more effective economic sector (Howarth and Spendzharova, 2019). The better supervised and regulated banks are supposed to be stronger and more resilient in operating the benefits of the firm to the real economy in a larger mode. The robust financial framework of the EU in this instance created for all the 28 Member States corresponding to its G20 commitments on the financial regulations (Mertens and Thiemann, 2019).

However, regulation alone is not enough as without good supervision regulation can be worthless. That's why, the supervision of the banking sector impact through the 2008 financial crisis at the EU level other than the US in this globe become important (Dautović, 2020). As in this crisis moment, this particular nation tries to improve its coordination within national supervisors to enhance the EU-wide supervision for dealing with the issues and risks with cross-border effects. This is because the supervision level is as necessary as the financial stability in Europe. The three ESAs (European Supervisory Authorities) that become remarkable in this instance are as follows:

- The EBA (European Banking Authority) deals with bank supervision and includes the supervision of the banks' recapitalisation
- The ESMA (European Securities and Markets Authority) deals with the supervision of capital markets as well as carries out direct supervision regarding credit rating agencies as well as trade repositories
- Insurance supervision is also possible through the EIOPA (European Insurance and Occupational Pensions Authority) (Shikha and Kapsis, 2023)

Furthermore, the regional significance of the EU also makes it acceptable in this instance. This is because the EU represents an effective economic bloc that includes multiple countries with interconnected economic systems. Therefore, the European financial system-based stability is vital not only for its member states in the EU but also for obtaining financial stability. The complexities and independencies also found to show the EU other than the US in this globe as an essential region for discovering post-2008 financial crisis-based reformation (Piroska and Podvršič, 2020). The EU at that time faced challenges due to the interconnectedness within the member states financial as well as economic institutions. The reform in this case was essential for addressing the risk inheritance and vulnerabilities in such interconnectedness. The economic crisis of 2008 in this instance exposes the need for robust reforms in the financial architecture of the EU to prevent the recurrence and enhance the resilience against future financial shocks (Donnelly and Pometto, 2022). As a consequence, the reforms provided in the role of the EU within the global economy do not bind its impact limited to the EU rather it influences the borders as well. They influence global economic regulatory practices and services. Thus, the selection of the nation called EU for the representation of the 2008 financial crisis's impact on laws, regulations and financial contracts related reformation becomes rational to explain. Henceforth, it has been derived that the EU

financial system, regulatory oversights and detection of the systematic vulnerabilities associated with reforms were crucial in the financial stability promotion in the EU and had a notable influence on the financial regulatory landscapes.

3. Critically review the extent towards which these reforms have contributed to the financial system stabilisation and the different banking institutions post-2008 financial crisis

As per the effective consideration of referencing points 1 and 2 above, these reforms that are mentioned above were found to have a greater contribution towards the financial system stability and the diverse banking institutions in the post-2008 crisis moment. This is because following the 2008 financial crisis, the G20 effectively became committed to fundamentally reforming the global financial system that includes both the EU and the US as it provides significant influence on social and economic aspects (Linn, 2021). The objectives in this instance were to correct the fault lines that are leading to the global financial crisis and then build a safer and more resilient source of finance to better explain the real economic needs. Hence, the G20 called on the FSB to develop as well as coordinate the comprehensive framework for the global regulation that oversights the worldwide financial system. These reformatations are considered the key contributors to financial stability as they reduce the risk of future financial crises and the consequences of economic instability for the real economy (Bishop and Payne, 2021). Thus, the reforms were designated as the necessary contribution to the G20's primary objective regarding sustainable, strong and balanced growth. The primary reforms' contributions to financial stability are explained below to make sure that agreed reforms are implicated and the FSB provides details on those aspects in the Implementation monitoring regime area and conducts certain evaluations for assessing the reforms' effects.

i. Creating Resilient Financial Institutions

In order to build more resilient financial institutions, better and more regulatory capital is invested to strengthen the risk management practices with better alignment towards compensation structures that can build more resilient economic educational institutions (Kring et al, 2023).

ii. Ending up too-big-to-fail

The SIFI framework, in this case, focuses on detecting the systemic risks as well as related moral hazard issues in the institutions so that they are possible to see through the markets as too-big-to-fail (Graham, 2021).

iii. Providing effective resolution policies and regimes

In order to represent financial stability, these reformations suggest that financial institutions or banks resolve the issues in an orderly way rather than severe systemic disruptions or being exposed to the taxpayer to the risk of loss through protecting critical functions and using the mechanisms for losses to be absorbed via uninsured and unsecured creditors, shareholders (van der Hoeven and Vos, 2022).

iv. Supervision level-up

In this instance, it has been derived that the supervision level applied through the national authorities is commensurate with the effective destabilisation risk that such firms pose for their own domestic economic systems and broader international economic systems (Linn, 2021).

v. Making the derivatives markets safer

The OTC derivatives market reformation, in this case, includes the trade reporting with trading on exchanges or electronic trading platforms, central clearing, capital as well as margin requirements so that non-centrally cleared transactions can be possible (Zazzara, 2020).

vi. Increasing resilience on non-bank financial intermediation

In this instance, non-bank financial intermediation suggests a valuable alternative so that bank financing can be a real economic support activity. In this case, the FSBs are found to work in those areas that are focusing on addressing as well as monitoring the risks to the economic stability enhancing from the credit intermediations through non-banks (Donnelly and Pometto, 2022).

Additionally, the reforms that were suggested in the US and the UK to handle the 2008 financial crisis situation made it possible to address the data gaps. This effective initiative provides the authorities with a stronger framework to assess the potential systemic risks as well as try to have a clear insight into the larger finance institutions' interconnectedness. In fact, in legal entity identification, these reforms play a key role which is connected to financial stability as well as the

uniform global LEI (Legal Entity Identifier) system suggests a valuable ‘building block’ for contributing to as well as facilitating many economic stability objectives (Bishop and Payne, 2021). It includes improvement of the firm's risk management aspects, better assessment of the macroprudential, and macroprudential risks and enabling the high quality-based accurate financial data with facilitation of the orderly resolution. Similarly, in declining the resilience of credit ratings as well, the reforms exclude the internal credit assessments as it can be a reason behind herding behaviour or the cliff effects that can amplify the procyclicality by causing systemic disruption (Graham, 2021). Furthermore, it has been found that in developing the risk disclosure aspects, the reforms need reliable as well as relevant valuations to which the financial institutions are generally found exposed and become important to maintaining the overall market-based confidence.

However, along with these positive aspects such as providing the required protection to the consumers through the reforms and accessing the needed capital support, these reforms that are mentioned in point one and two also poses some challenges. Adaptability-related challenge is one of the key issues in this instance as the reform’s implication is a complex process with new regulatory framework development and its implication (van der Hoeven and Vos, 2022). Along with these, some reforms can have unintended consequences which pose a threat to the economic system. Thus, stringent regulations on lending criteria are needed to restrict access towards credit for certain borrowers as well as push risk-taking activities within the less-regulated sectors. The banks in this case can engage in regulatory arbitrage as shifting their riskier activities become less regulatable areas or jurisdictions for circumventing the stricter regulations undermining the reforms' effectiveness (Piroska and Podvršič, 2020). Additionally, the reforms focus on addressing the systemic risks as the global financial markets' interconnectedness becomes a challenging fact and financial institutions still pose systemic risks because of their complexity, size and interconnectedness. As a consequence, credit availability becomes a concerning factor as the stricter regulations have constrained lending to some extent effectively affecting the financial growth within smaller businesses as well as individuals (Howarth and Spendzharova, 2019). Stringent regulations, in this case, can inadvertently stifle innovation within the economic industry by enhancing compliance costs as well as generating barriers for small and medium-sized fintech enterprises. Henceforth, in the effective implication of the financial industry-based laws, regulations and contracts with financial stability enhancement facts are found to connect each other effectively.

4. US listed financial service company analysis on determining reforms impact

The GFC was a significant turning point in world economic history, leading to the collapse of financial institutions throughout the globe and provoking recession, which hit harder than any since World War II. Those affected included JPMorgan Chase & Co., one of the top players in the U.S. financial services industry. Before the crisis, JPMorgan Chase used a diversified business model that included investment banking, asset management and retail banking. The institution, like them all, was buffeted by the aftermath of the real estate market collapse and a rising tide in mortgage delinquencies. To counter this crisis, governments and central bankers carried out broad reforms in regulation. Among other measures, the Dodd-Frank Act was adopted as a means of strengthening financial stability and supervision. This inquiry reveals the degree to which such reforms actually represented a change of direction for JPMorgan Chase's business model. It looks at adjustments made after the GFC, as institutions manoeuvred through changing regulations worried about future systemic risks.

Pre-GFC (before 2008)

Business Model Overview

Global financial giant JPMorgan Chase & Co. was active in many areas of the world's largest finance companies, forming a complete business model. This portfolio needed to be a strategy and included investment banking, asset management, and retail banking. JPMorgan Chase's diversified business model meant it was involved in numerous financial instruments, including mortgage-backed securities. This helped its profitability and market share to a certain extent.

Impact of the Financial Crisis

The 2008 Global Financial Crisis (GFC) hit JPMorgan Chase hard, as the entire financial community was thrown into a state of flux (Boersma, 2022). However, the collapse of real estate had a significant impact, with massive losses for the bank's shareholders, who were primarily hurt by its investments in mortgage-backed securities. The crisis created a complicated economic environment for JPMorgan Chase, which faced unprecedented challenges in order to stabilise its finances and maintain solvency.

Government Intervention

When the crisis threw up systemic risks, like other major financial institutions, JPMorgan Chase also became a beneficiary of government intervention. TARP was also vital, providing capital injections to rescue the financial system (Fan et al. 2020). The injections were designed to bolster the balance sheets of banks, including JPMorgan Chase (along with other investment institutions), as part of an effort by leaders on both sides of the Atlantic to prevent a systemic collapse. The government's intervention proved critical in rebuilding confidence and suppressing contagion.

Adaptation and Reforms

After the crisis, JPMorgan Chase went through a period of adaptation and change to deal with the weak points that had been exposed during the GFC. Needing to improve stress resistance in the face of market fluctuation, the bank re-evaluated its risk management. New regulations, most notably the Dodd-Frank Wall Street Reform and Consumer Protection Act, imposed new rules and a layer of oversight, which fundamentally changed how financial institutions operated.

Strategic Adjustments

The financial crisis forced JPMorgan Chase to reassess its business model. They came in response to regulatory requirements, aiming at transparency, risk management and compliance. One aspect of Dodd-Frank was the Volcker Rule, which prohibits proprietary trading in certain areas within the bank (Schiff, 2020).

Post-GFC (after 2008)

Reforms and Regulatory Changes

In response to the aftermath of 2008's Global Financial Crisis (GFC), regulators implemented major revisions in financial system safeguards. One significant legislative response was the Dodd-Frank Wall Street Reform and Consumer Protection Act, which sought to strengthen financial stability, increase accountability in compensation practices, and protect consumers (Marciniak, 2021). The comprehensive legislation presented a variety of anti-crisis measures.

Impact on JPMorgan Chase

In response to the new regulatory landscape, the adjustments for one of the world's largest and most diversified financial institutions, JPMorgan Chase, were particularly significant. As part of

the reforms, risk management practices were to be overhauled. There needed to be more transparency; financial institutions had their oversight tightened up on them. The Volcker Rule, part of Dodd-Frank, limited banks' proprietary trading. It affected some activities in JPMorgan Chase.

Shifts in Business Strategy

The regulatory climate forced JPMorgan Chase to re-analyse and realign its business strategies. In its other business segments, the bank changed its structure and operations to meet regulatory requirements. Moreover, risk management techniques used to combat systemic risks and prevent another crisis received a significant boost.

Increased Scrutiny and Compliance Costs

The post-GFC environment has put pressure on financial institutions to make their operations more transparent and raised compliance costs for them, especially those considered systemically important (like JPMorgan Chase) (Vito et al. 2023). Facing increasingly stringent oversight from regulators and evolving standards of compliance across the industry, the bank had to invest heavily in solid systems for composition.

Focus on Capital and Liquidity

The reforms in the field of banking regulation emphasised how crucial it is to maintain sufficient capital and liquidity buffers to improve resilience. According to regulatory requirements, JPMorgan Chase made adjustments in its capital structure and liquidity management (Duan, 2023). All these reforms were designed to strengthen the bank in anticipation of economic uncertainty and market fluctuations.

Market and Economic Conditions

JPMorgan Chase faced both challenges and opportunities as the low-interest economic lending climate of recent years combined with a gradual economic recovery from the GFC. With low-interest rates continuing for so long, the bank needed to contend with a delicate situation affecting profitability and growth. This required adjusting investment strategies as economic conditions changed.

Thus, after the 2008 Global Financial Crisis mandated sweeping regulatory reforms that transformed the terrain of banking institutions such as JPMorgan Chase & Co., before this fall, one could foresee a collapse in real estate prices and an economic slump. After the crisis, JPMorgan Chase adapted its business model to comply with stringent regulations such as Dodd-Frank focused on risk management and compliance. This transformation swept into a new era of greater oversight and responsibility, which affected the bank's business and strategy. JPMorgan Chase negotiated these changes by restructuring its capital, improving liquidity management and reviewing some business lines. The reforms were aimed at reducing systemic risks, but they brought with them higher compliance costs and a new regulatory environment. The financial industry, which includes JPMorgan Chase, is changing in response to regulatory changes and trends both at home as well as abroad.

Conclusion

It can be concluded from this particular assignment that the post-2008 financial crisis poses several reforms in the US regulatory system by altering its regulations, laws and contracts few are new and few exist so that such financial crises can be prevented in future. These laws, regulations and contracts are the Dobb-Frank Wall Street Reform and Consumer Protection Act 2010 and, Emergency Economic Stabilisation Act that aligned with TARP and other legal frameworks. Next, in this globe other than the US, the EU is selected to detect the impact of the 2008- financial crisis on its regulatory, laws and contract-based aspects as in the regional aspect, interdependencies, international impact and systemic risks identification, it found justifiable. In fact, in the determination of these reforms' influence on financial stability, US and EU laws, regulations and contracts play a key role. These reforms in the financial regulations provide the required financial support and protection to the people and the financial institutions with a clear oversight of the financial system that gives resilience and stability in this case. However, there remain certain challenges in ensuring these reforms' effectiveness with implications as adopting them poses complexity and addresses unintended consequences, having issues in balancing stability and declining the regulatory arbitrage with economic growth fostering and innovation. Thus, in continual of this assessment, the potential adaptation strategy implication in these reforms application is crucial to having a resilient and stable financial system while encouraging sustainable financial growth.

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