The Turner Review:

Turner, Adair (2009), A regulatory response to the global banking crisis
Financial Services Administration, London

p 39 efficient markets can be irrational

"The fact that prices move as random walks and cannot be predicted from prior movements in no way denies the possibility of self-reinforcing herd effects and of prices overshooting rational equilibrium levels" p 40

"Market efficiency does not imply market rationality" p 40

4 categories of problems with VAR

1 short observation periods
2 non normal dist reasons
network externalities, disaster myopia and misaligned incentives are three explanations
3 systemic vs idiosyncratic risks
4 non independence of future events

"Bank CDS prices before the crash of 2007 did not provide forewarning of the scale of problems ahead. They were moderately successful in indicating the relative riskiness of different institutions...

"Bank share prices similarly failed to indicate that risks were increasing, but rather often delivered strong market price reinforcement to management's convictions that aggressive growth strategies were value creative" p 46