

# INTERNATIONAL FINANCE

TRANSACTIONS, POLICY,  
AND REGULATION

FOURTEENTH EDITION

HAL S. SCOTT

FOUNDATION PRESS

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# INTERNATIONAL FINANCE

TRANSACTIONS, POLICY, AND  
REGULATION

FOURTEENTH EDITION

By

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## PREFACE

This is the fourteenth edition of the textbook on international finance. Several major changes in the field have occurred since the thirteenth edition was published a year ago.

Chapter 2 covers the increased focus on the competitiveness of U.S. capital markets. Some major changes have already occurred such as revisions to the implementation of Section 404 of the Sarbanes-Oxley Act and liberalization of the regime for foreign private issuers to deregister their securities. Continued progress has occurred in the U.S. plan to permit foreign private issuers to use international accounting standards by 2009 without the need for reconciliation. One major new scandal emerged, options backdating. Further implementation of MiFID, the European Union Directive on market structure, is discussed in Chapter 4.

Chapter 7 discusses the continued problems with the implementation of Basel II. The U.S. has proposed Basel IA for banks not covered by Basel II. Its proposed transition rules for large international banks covered by Basel II, requiring more capital than Basel II itself, continued to be debated. Chapter 8 on exchange rates continues to focus on the persistent political issue of the Dollar-Yuan exchange rate. Chapter 10 deals with measures taken by the European Union to provide a more efficient European clearing and settlement system. Chapter 13 explores the issues in the path breaking merger of the New York Stock Exchange and Euronext. Chapter 16 discusses new issues about mutual fund regulation and the controversy over hedge fund regulation.

The book is organized into five parts. Part One deals with the international aspects of major domestic markets, Part Two with infrastructure for financial markets, Part Three with instruments and offshore markets, Part Four with emerging markets, and Part Five with the fighting of terrorism.

While the approach of this book is rooted in government policy and regulation, the book introduces the student to basic financial concepts and transactions. Exchange rate regimes, for example, are necessary background for an understanding of the European Monetary Union. Only the most basic financial theory is presented. The conception of the field is original and complements existing texts written for finance or economics courses.

I gratefully acknowledge the dedicated assistance of my editor Melissa Greven who, as in the past, has been invaluable with editing and proofing.

Hal S. Scott  
Cambridge, Massachusetts, June 2007

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