

INTERNATIONAL FINANCE

TRANSACTIONS, POLICY,
AND REGULATION

SEVENTEENTH EDITION

HAL S. SCOTT

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REGULATION

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By

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PREFACE

This is the seventeenth edition of the textbook on international finance. The major changes in the book since the sixteenth was published are considerable, mostly representing responses to the global financial crisis. As the book goes to press, the fate of a massive financial reform bill in the United States is still uncertain.

Many chapters deal with legislative or regulatory reform, but for the United States these developments are mainly in Chapters 2, 3 and 12. Chapter 12 is particularly important as it deals with securitization reforms as well as many of the responses to the crisis, e.g. monetary policy, public injection of funds and guarantees.

Chapter 4, focused on the European Union, deals with many of the E.U. reforms—although they are also discussed as well in a comparative context alongside the U.S. reforms.

Chapter 7 discusses the continued problems with the implementation of Basel II, particularly in light of the financial crisis, as well as new Basel III proposals for more capital as well as liquidity requirements.

Chapters 15 and 16 which deal respectively with exchange-traded and over-the-counter derivatives deal with the vast changes in regulation of this segment of the market seen to have been so important to the spread of the financial crisis. Chapter 16 deals with new regulatory proposals for private equity, money market and hedge funds.

In 2010, a second crisis, for the E.U. and most particularly the Eurozone was triggered by the spectre of a Greek sovereign debt default—these issues are dealt with in Chapter 5.

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 controlling the financing 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.

I gratefully acknowledge the dedicated assistance of my editors Melissa Greven and Judith Silverman, and a team of research assistants, spanning the globe, coordinated through the superb work of Conor Tochilin, a rising Harvard Law School 1L.

Hal S. Scott
Cambridge, Massachusetts, July 2010

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