

INTERNATIONAL FINANCE

TRANSACTIONS, POLICY,
AND REGULATION

NINETEENTH EDITION

HAL S. SCOTT
ANNA GELPERN

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INTERNATIONAL FINANCE

TRANSACTIONS, POLICY, AND
REGULATION

NINETEENTH EDITION

by

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PREFACE

This is the nineteenth edition of the textbook on international finance, now for the second time co-authored by Hal S. Scott and Anna Gelpern. The major changes in the book since the eighteenth was published are considerable, mostly representing continuing responses to the 2007–2009 global financial crisis and the ongoing Eurozone crisis. The Dodd-Frank Act in the United States has become a reality, spawning hundreds of rule making proceedings.

Chapter 1 continues to cover the global financial crisis as well as providing a general introduction. Many chapters deal with legislative or regulatory reform; for the United States these reforms are mainly in Chapters 1, 2, 3, 12, 15, and 16. The EU approach to many of the same issues is addressed in the same chapters as well as in Chapter 4.

Chapter 2 now deals with the newly enacted Jumpstart Our Business Startups (JOBS) Act of 2012, designed to make U.S. markets more competitive and to ease the procedures in raising capital for new businesses.

Chapter 5 deals with the Euro and Eurozone crisis, also touched on in Chapter 19, which covers sovereign debt generally. The unfolding of this crisis and the multiple responses to it have been the major focus of international finance in the past year.

Chapter 7 discusses the continued formation and implementation of the Basel III rules, as well as the expanding use of stress tests

Chapter 15, which covers over-the-counter derivatives, addresses 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 money market and hedge funds.

The book is organized in 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.

We come to the material from different perspectives, but we share the conviction that the law of international finance is inseparable from policy and market practice.

We gratefully acknowledge the dedicated assistance of our editor Megan Shanley, and a team of research assistants spanning the globe. In

particular, we thank C. Wallace DeWitt of Davis Polk for his work on Chapter 6, Japan, and Michael DeSombre of Sullivan & Cromwell for his work on Chapter 21, China.

Hal S. Scott and Anna Gelpern
Cambridge, Massachusetts and Washington D.C., July 2012

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