

INTERNATIONAL FINANCE

TRANSACTIONS, POLICY,
AND REGULATION

FIFTEENTH EDITION

HAL S. SCOTT

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INTERNATIONAL FINANCE

TRANSACTIONS, POLICY, AND
REGULATION

FIFTEENTH EDITION

By

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CONSUMER RECYCLED PAPER



PREFACE

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

Chapter 2 continues to cover 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 due to the U.S. decision to permit foreign private issuers to use international accounting standards by 2009 without the need for reconciliation to U.S. GAAP. Chapter 6 deals with a new round of Japanese reforms designed to make its capital markets more competitive.

Chapter 7 discusses the continued problems with the implementation of Basel II. The U.S. has yet to propose how to handle capital requirements for all but its large international banks. Chapter 10 deals with measures taken by the European Union to provide a more efficient European clearing and settlement system.

Chapter 12, which covers securitization, deals in depth with the myriad issues raised by the subprime crisis that began in the summer of 2007. Its focus is the United States. It looks at what happened and the twin problems of borrower relief and elimination of the structural market flaws revealed by the crisis.

Chapter 21 is new and deals with the financial markets of China.

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. 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 2008

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