International Harmonization Of Financial Regulation?

From the beginning of January 2005 publicly traded companies in the European Union have to comply with the International Financial Reporting Standards (IFRS) for their consolidated accounts, as required by 1606/2002 European Commission Regulation. It had been suggested that the new accounting rules will facilitate not only the process of international harmonization of financial statements, but also efficient performance of financial markets and capital flows worldwide. This study analyzes the first results of IFRS implementation by Spanish non-financial listed companies.

In recent years, technological progress and regulatory changes have led to the progressive integration of international financial markets. In that context, banks' cross-border activities have become increasingly important, raising new problems for regulators that have remained nationally bounded. This trend has spurred a debate on the costs and benefits of the international harmonization of bank regulation. As a specific example, in the EU the introduction of the Euro and the single market have raised the question of whether a continental regulatory agency would be necessary or desirable.

The working hypothesis of international financial regulation is that it should be globally harmonized. This paper contends, to the contrary, that we should be wary about the efficacy of global harmonization, and in particular, harmonization of systemic risk measurement and regulation. The thesis is informed by what I consider two key lessons from the recent global financial crisis. The first lesson is that, when business strategies that internationally-harmonized regulation induces banks to follow go seriously awry, the adverse consequences will spread globally and not be limited to one regulator's domain. The second lesson is that, innovations in financial technology that have been engines of prosperity across the globe also may contain the seeds of financial calamity with imprudent use and regulatory inattention. In addition, three kinds of uncertainty operate in this context: i) uncertainty regarding how best to define and measure systemic risk; (ii), dynamic uncertainty, that financial institutions respond to regulation in unpredictable ways that tend to undermine regulatory effectiveness; and (iii) radical uncertainty, that we do not know all possible future states of the financial system and therefore cannot compute the probabilities of outcomes that would be necessary for informing rules regarding systemic risk measures. The uncertainty in the regulatory context, in conjunction with the lessons from the crisis, suggest that a value-added international regulatory strategy would foster at least a modicum of diversity across national regulatory regimes, along with periodic updating of global standards. At the national level, they suggest adopting a dual-pronged regulatory approach that focuses regulators' attention on monitoring developments in short-term debt markets, leverage levels, and the impact of new financial products and services, as well as on promoting experimentation, to better inform regulatory decisionmaking.

With the advancing globalization of the world economy, domestic economic regulations are becoming more and more subject to efforts at international harmonization. This book presents an analysis of this worldwide phenomenon from both a legal and a politico-economic perspective by focusing on (1) the backgrounds and objectives of international harmonization, (2) the negotiating processes involved, and (3) the impact of harmonization on domestic laws and their administration. International harmonization is discussed in a wide range of cases including trade-related regulations, technical standards and food safety standards, intellectual property rights, labor standards, competition law and policy, financial regulations, and regulations concerning transnational economic crime. Drawing on a wide range of materials and applying a unified analytical framework based on theoretical as well as practical observations, the book surveys this much debated topic in a comprehensive and accessible way. It thus contributes to a better understanding of both the chances and the challenges of globalization and global governance today.

International Survey of Integrated Financial Sector Supervision

Orderly Liquidation, Derivatives, and the Volcker Rule : Hearing Before the Committee on Banking, Housing, and Urban Affairs, United States Senate, One Hundred Twelfth Congress, Second Session ... March 22, 2012

Setting Standards for the International Financial System

International Soft Law, Finance, and Power

Financial Regulation in the Global Economy

Rational States and Interdependence, Not Regulatory Networks and Soft Law

Financial instability threatens the global economy. The volatility of capital movements across national borders has led many observers to argue for a reformed "global financial architecture," a body of consistent rules and institutions to prevent financial crises. Yet regulators have a decidedly mixed record in their attempts to create global standards for the financial system. David Andrew Singer seeks to explain the varying pressures on regulatory agencies to negotiate internationally acceptable rules and suggests that the variation is largely traceable to the different domestic political pressures faced by regulators. In Regulating Capital, Singer provides both a theory of the effects of domestic pressures on international regulation and a detailed analysis of regulators' attempts at international rulemaking in banking, securities, and insurance. Singer addresses the complexities of global finance in an accessible style, and he does not turn away from the more dramatic aspects of globalization; he makes clear the international implications of bank failures and stock-market crashes, the rise of derivatives, and the catastrophic financial losses caused by Hurricane Katrina and the events of September 11.

'How and why do transnational regulatory bodies emerge? How do they acquire the authority and confidence to be actors in their own right? These questions preoccupy scholars in many disciplines and Sebastian Botzem's The Politics of Accounting Regulation makes an important contribution to the debates. Focusing on the case of the International Accounting Standards Board over a critical period of its development including the financial crisis Botzem addresses its evolution as an organization which produces accounting standards and whose efforts to be outside politics are inevitably and irredeemably political in nature. This book is essential reading for sociologists, political scientists, accountants and anyone else interested in the organization of global governance.' Michael Power, London School of Economics, UK The financial crisis underlines the relevance of accounting standards as much more than instrumental rules for corporate reporting. This important book outlines the accounting standards that embody societal and professional values and contribute to the distribution of financial benefits that put international harmonization of standards into the limelight. Sebastian Botzem reveals that international standards have emerged after decades of contest and political bargaining which resulted in closely aligned standards, voluntary consultation procedures and a network structure comprising actors mainly stemming from global auditing firms, regulators and international organizations.

Scholarly Research Paper from the year 2010 in the subject Business economics - Accounting and Taxes, grade: 1,0, University of Applied Sciences Regensburg (Betriebswirtschaft), course: Internationale Rechnungslegung (International Accounting), language: English, abstract: Globalization continues, even in international reporting. There are many efforts for an international harmonization of financial reporting, even at capital markets of the United States of America. The globalization requires transparent accounting and reporting standards for an efficient market transfer of goods and services. And there has been still reached nearly a harmonization of consolidated financial statements of capital market oriented companies through IFRS. But does also German small and mediumsize enterprises (SMEs) require the same harmonization for its daily business or does there are more drawbacks as advantages for them?

The main features of standard-setting; Promoting international harmonization of accounting standards the role of intergovernmental organisations; Institution and substantive problems for harmonization ...

Workshop Summary

The UK and Multi-level Financial Regulation

Voluntary Disruptions

Current Challenges in Financial Regulation

A History of the International Accounting Standards Committee, 1973-2000

Competition Versus Harmonization

Understanding the current state of affairs and tools available in the study of international finance is increasingly important as few areas in finance can be divorced completely from international issues. International Finance reflects the new diversity of interest in international finance by bringing together a set of chapters that summarizes and synthesizes developments to date in the many and varied areas that are now viewed as having international content. The book attempts to differentiate between what is known, what is believed, and what is still being debated about international finance. The survey nature of this book involves tradeoffs that inevitably had to be made in the process given the vast footprint that constitutes international finance. No single book can cover everything. This book, however, tries to maintain a balance between the micro and macro aspects of international finance. Although each chapter is self-contained, the chapters form a logical whole that follows a logical sequence. The book is organized into five broad categories of interest: (1) exchange rates and risk management, (2) international financial markets and institutions, (3) international investing, (4) international financial management, and (5) special topics. The chapters cover market integration, financial crisis, and the links between financial markets and development in some detail as they relate to these areas. In each instance, the contributors to this book discuss developments in the field to date and explain the importance of each area to finance as a field of study. Consequently, the strategic focus of the book is both broad and narrow, depending on the reader's needs. The entire book provides a broad picture of the current state of international finance, but a reader with more focused interests will find individual chapters illuminating on specific topics.

The UK and Multi-level Financial Regulation examines the role of the United Kingdom (UK) in shaping post-crisis financial regulatory reform, and assesses the implications of the UK's withdrawal from the European Union (EU). It develops a domestic political economy approach to examine how the interaction of three domestic groups - elected officials, financial regulators, and the financial industry - shaped UK preferences, strategy, and influence in international and EU-level regulatory negotiations. The framework is applied to five case studies: bank capital and liquidity requirements; bank recovery and resolution rules; bank structural reforms; hedge fund regulation; and the regulation of over-the-counter derivatives. It concludes by reflecting on the future of UK financial regulation after Brexit. The book argues that UK regulators pursued more stringent regulation when they had strong political support to resist financial industry lobbying. UK regulators promoted international harmonisation of rules when this protected the competitiveness of industry or enabled cross-border externalities to be managed more effectively; but were often more resistant to new EU rules when these threatened UK interests. Consequently, the UK was more successful at shaping international standards by leveraging its market power, regulatory capacity, and alliance building (with the US). But it often met with greater political resistance at the EU level, forcing it to use legal challenges to block reform or secure exemptions. The book concludes that political and regulatory pressure was pivotal in defining the UK's 'hard' Brexit position, and so the future UK-EU relationship in finance will most likely be based on a framework of regulatory equivalence.

This book presents the most current trends in the field of finance and accounting from an international perspective. Featuring contributions presented at the 17th Annual Conference on Finance and Accounting at the University of Economics in Prague, this title provides a mix of research methods used to uncover the hidden consequences of accounting convergence in the private (IFRS) and public sectors (IPSAS). Topics covered include international taxation (from both the micro- and macroeconomic level), international investment, monetary economics, risk management, management accounting, auditing, investment capital, corporate finance and banking, among others. The global business environment shapes the international financial flows of finance and the demand for international harmonization of accounting. As such, the field of global finance and accounting has encountered some new challenges. For example, policy-makers and regulators are forced to restructure their tools to tackle with new features of trading at global capital markets and international investment. This book complements this global view of development with country-specific studies, focusing on emerging and transitioning economies, which are affected indirectly and in unforeseen ways. The combination of global perspective and local specifics makes this volume attractive and useful to academics, researchers, regulators and policy-makers in the field of finance and accounting.

Extensive literature already exists on the causes and development of the recent financial crisis and the political measures taken to manage it. This book brings together a group of renowned social scientists to focus on the interplay between international, European and national decision-making processes in the reform of financial market regulation. Are those states affected by the crisis adopting internationally negotiated regulations? Or are they instead determining the European and international reform agenda? Are the policies being agreed contributing to greater harmonization of financial regulation in a multilevel political system? Or is the process being dominated by differing national interests? The dominant concern of this book is the way in which the given multilevel structure of financial market regulation has shaped the reform process triggered by the recent financial crisis. Following an agreed set of questions, an international group of scholars deal in separate chapters with the role in the reform process played by international organizations, European authorities, and regulators in the USA, the United Kingdom, and Germany. To provide a detailed view of the vertical and horizontal interactions between these actors, the analysis focuses on a small set of reform issues, including bank structure, bank capital, resolution, and OTC trading of derivatives. The analysis shows to what extent actors at a given political level have both responded to, and shaped reform initiatives in other countries and at other political levels. Consideration is also given to a general shift in international governance, using financial market regulation as a case in point. The final chapter summarizes the pattern of multilevel policy-making resulting from the empirical analyses, highlighting features that distinguish it from familiar studies of multilevel governance in federal regimes and in the European Union.

International Finance

Regulating Capital

Reframing International Financial Regulation After the Global Financial Crisis

The Politics of Global Diffusion of the Basel Capital Accord

The European Union and Global Financial Regulation

Designing Regulation for Mobile Financial Markets

The past several decades have been a time of rapid globalization in the development, manufacture, marketing, and distribution of medical products and technologies. Increasingly, research on the safety and effectiveness of new drugs is being conducted in countries with little experience in regulation of medical product development. Demand has been increasing for globally harmonized, science-based standards for the development and evaluation of the safety, quality, and efficacy of medical products. Consistency of such standards could improve the efficiency and clarity of the drug development and evaluation process and, ultimately, promote and enhance product quality and the public health. To explore the need and prospects for greater international regulatory harmonization for drug development, the IOM Forum on Drug Discovery, Development, and Translation hosted a workshop on February 13-14, 2013. Discussions at the workshop helped identify principles, potential approaches, and strategies to advance the development or evolution of more harmonized regulatory standards. This document summarizes the workshop.

International Accounting Harmonization analyzes the differences between national accounting rules and international accounting methods, showing that when firms adopt international accounting standards they achieve significantly higher positive coefficients compared with firms that only take on local accounting strategies.

It is often argued that international financial regulation has been substantially strengthened over the past decades through the international harmonization of financial regulation. There are, however, still frequent outbreaks of painful financial crises, including the recent 2008 global financial crisis. This raises doubts about the conventional claims of the strengthening of international financial regulation. This book provides an in-depth political economy study of the adoptions in Japan, Korea and Taiwan of the 1988 Basel Capital Accord, the now so-called Basel I, which has been at the center of international banking regulation over the past three decades, highlighting the domestic politics surrounding it. The book illustrates that, despite banks' formal compliance with the Accord in these countries, their compliance was often cosmetic due to extensive regulatory forbearance that allowed their real capital soundness to weaken. Domestic politics thus ultimately determined national implementations of the Accord. This book provides its novel innovative study of the Accord through scores of interviews with bank regulators and analysis of various primary documents. It suggests that the actual effectiveness of international financial regulation relies ultimately on the domestic politics surrounding it. It implies as well that the past trend of international harmonization of financial regulation may be illusory, to at least some extent, in terms of its actual effectiveness. This book may interest not only political economists but also scholars working on the intersection of law, economics and institutions.

The measurement of harmonization became a well-established area of academic research from the late 1980s, and the discerning selection of papers in this volume reveal a continuing interest in the topic by a large number of researchers. The coverage is divided into two parts. The first part concerns the measurement of harmonisation, and the second contains analysis of, and comment on, harmonization. This authoritative new volume will be of great interest to all those concerned with the issue of harmonization in international accounting.

Financial Reporting and Global Capital Markets

An Overview of International Regulation of Financial Services

Europe and the Governance of Global Finance

From Post-crisis Reform to Brexit

The Globalized Governance of Finance

The International Political Economy of the Renminbi

Analyzing present and forecasting future U.S. trade and investment relations with key Asian countries, contributors to this volume weigh U.S. relations with Korea, Taiwan, the People's Republic of China, Japan, and the members of the Association of South East Asian Nations from the perspective of each country. The seven authors also explore how the new regime of the World Trade Organization will affect international trade.

The 43 papers in this collection, originally published from 1972 to 1987 delve into accounting, observing and exploring its functioning. They construct a basis for interrogating it in use and indeed they attempt to account for accounting. The author seeks to understand accounting, to appreciate what it is, what it does and how it does it, examining it from without rather than from within.

In recent years, the major industrialized nations have developed cooperative procedures for supervising banks, harmonized their standards for bank capital requirements, and initiated cooperative understanding about securities market supervision. This book assesses what further coordination and harmonization in financial regulation will be required in an era of increased globalization. A volume of Brookings' Integrating National Economies Series

In the globalizing economy, national policymakers are often forced to accept the challenge of financial integration. Faced with the potentially destabilizing effects of international financial markets, they have to strengthen financial regulation, importing international best practices and aligning domestic with foreign regulation, to avoid destabilizing phenomena of regulatory arbitrage. Jordan and Majnoni explore the main features of the ongoing process of worldwide financial regulatory convergence and the role played by the global dissemination of financial standards and codes. They analyze the reasons behind the generalized acceptance of international best practices and the limits of the standards and codes approach to financial regulatory harmonization. This paper--a joint product of the Financial Sector Operations and Policy Department and the Cofinancing and Project Finance Group, Legal Vice Presidency--is part of a larger effort in the Bank to study the impact of financial regulation on economic development.

Harmonization Versus Competition

International Accounting Harmonization

Achievements and Prospects

Developments in the International Harmonization of Accounting

A Survey

The Future of International Financial Regulation

The European Union (EU) has emerged as a central actor in financial governance. Hardly any corner of European financial markets remains untouched by EU rules, and key regulatory competences have been shifted from national authorities to supranational ones. At the same time, the global context has become ever more important for how and to what effect the EU regulates its financial markets. On the one hand, EU policymaking is embedded in global initiatives such as the Basel Committee on Banking Supervision. On the other hand, the EU now rivals the USA in its ability to shape global rules. Scholars and practitioners cannot make sense of EU rulemaking without studying its links to global financial governance, just as to understand how global initiatives evolve they have to appreciate the rise of the EU as a global regulatory force. This book charts and analyses this centrality of the European-global link in financial governance for the first time. Its chapters, written by experts in the specific fields, cover the whole breadth of financial markets. They range from banking, auditing and accounting to derivatives trading, money laundering, and tax governance. This book offers comprehensive coverage of: how and why global and European financial governance have co-evolved over time; how global and European rules, institutions, and actors are linked today; and what this implies for future global and European financial governance. It is essential reading for anyone who wants to understand the dynamics of either global or European financial regulation.

Big banks are capable of wreaking havoc on the global economy, and governments have often felt powerless to stop them. Regulators have responded by developing coordinated programs to handle banks, insurers, broker dealers, shadow banks and other businesses that can blow up in a crisis. This program began informally and undemocratically, and has developed into something much more organized, formalized and predictable, even though it has never been legally enforceable. David Zaring examines the realities of the current international financial system and concludes that in fact this is a well-ordered and functioning regulatory environment: the international financial system enjoys a substantial degree of compliance, and operates predictably and harmoniously. As a result, perhaps this could serve as a paradigm for future global governance. Zaring explores three aspects of international financial regulation that can inform global governance: harmonization through rules, cooperation on enforcement and agreement on fundamental principles.

This Article uses a rational choice analysis to simplify the increasingly complex area of international financial regulation. It proceeds by identifying four "interdependence problems" relating to harmonization of financial standards, capital requirements, bank resolution procedures, and an international lender of last resort -- in which the globalization of finance creates potential benefits from regulatory cooperation between countries. It finds that interdependence problems that relate to the efficiency gains made available by cross-border financial integration are more amenable to international regulation than are efforts to reduce losses from financial instability, which will likely continue to be ineffective despite active reforms in response to the global financial crisis.A policy implication is that ambitious proposals for a legal body to centrally administer international financial regulation are unlikely to succeed, because they misstate the underlying dynamics of the interdependence problems that are specific to international finance. Instead, this Article argues that certain incremental reforms, such as international harmonization of bank resolution plans and provision of a regional lenders of last resort, provide a more promising avenue for reform.This Article constitutes a reframing of the literature on international financial regulation, because it seeks to show that a state-centered rational choice approach can provide greater clarity and explanatory power than competing scholarship that commonly incorporates more complicated variables. In particular, the Article argues that the influential literatures on "transgovernmental networks" of regulators and the international "soft law" that they create overstate both the extent and efficacy of these mechanisms for international cooperation on finance and international law generally.

The European Union and Global Financial Regulation examines the influence of the European Union (EU) in regulating global finance, addressing several inter-related questions. Why does the EU 'upload' international financial regulation in some cases, 'download' it in other cases, and 'cross-load' either actively or passively in other instances? Has this changed over time, especially after the third stage of Economic and Monetary Union and the completion of the single financial market, or after the global financial crisis? Under what conditions is the EU more or less likely to upload, download or cross load rules? Through which mechanisms does this take place? Overall, does the EU act as a pace setter in regulating global finance, or is it mainly a follower? Why? The key explanatory variable used in this research is the concept of 'regulatory capacity', applied to the EU and the US, distinguishing between 'strong' and 'weak' regulatory capacity. The influence of the EU in global financial regulation depends on the combinations of EU and US regulatory capacities. When EU regulatory capacity is weak and US regulatory capacity is strong, the US will mainly upload its domestic rules internationally and/or actively cross load them to the EU, whereas the EU will mainly download international rules. When the EU regulatory capacity is strong and US regulatory capacity is weak, the EU is able to upload its rules internationally and/or actively cross load them to third countries. When the EU and the US regulatory capacities are weak, private sector governance prevails. When the EU and US regulatory capacities are strong, both jurisdictions seek to upload and cross load their domestic rules.

International Banking Law and Regulation

Competition Among Regulators

Proceedings of the 17th Annual Conference on Finance and Accounting

International Harmonization of Economic Regulation

Banking On Basel

International Harmonization of Accounting

International Cooperation, Convergence and Harmonization of Pharmaceutical Regulations: A Global Perspective provides the current status of the complex and broad phenomenon of cooperation, convergence and harmonization in the pharmaceutical sector (Part I), thoroughly evaluates its added value and its critical parameters and influencing factors (Part II) in order to recommend actions and measures to support the next steps for cooperation, convergence and harmonization (Part III). All of these recommendations in the book support the establishment of a better coordinated global pharmaceutical system which represents the best realistic alternative to fulfill the objective to establish a global coalition of regulators and to respond to an increased demand to further cooperation in the pharmaceutical sector. This proposed framework, which leverages all of the ongoing positive cooperation initiatives and uses as foundations all of the numerous harmonization projects developed over the years, presents advantages for all stakeholders and would definitively have significant added value to the promotion and protection of global public health. The status of all major worldwide harmonization and cooperation initiatives (at bilateral, regional, and global levels) The value of cooperation in the pharmaceutical sector and the driving factors behind harmonization The proposition of a structure for the global pharmaceutical system and timely recommendations for enhancing international cooperation, as well as further discussion and policy changes in this area

From home mortgages to i-phones, basic elements of our daily lives depend on international economic markets. The astonishing complexity of these exchanges may seem ungoverned. Yet the global economy remains deeply bound by rules. Far from the staid world of treaties and state-to-state diplomacy, economic governance increasingly relies on a different class of international market regulation - soft law - comprised of voluntary standards, best practices, and recommended guidance created by a motley assortment of international organizations. Voluntary Disruptions argues that international soft law is deeply political, shaping the winners and losers of globalization. Some observers focus on soft law's potential to solve problems and coordinate market participants. Voluntary Disruptions widens the discussion, shifting attention to the ways soft law provides new political resources to some groups while not to others and alters the sites of contestation and the actors who participate in them. Highlighting two mechanisms - legitimacy claims and arena expansion - the book explains how soft law, typically viewed as limited by its voluntary nature, disrupts and transforms the politics of economic governance. Using financial regulation as its laboratory, Voluntary Disruptions explains the remarkable pre-crisis alignment of US and European approaches to governing markets, the rise and prominence of transnational industry associations in the 1990s and 2000s, and the ambivalence of US reforms towards international market cooperation in the wake of the 2008 financial crisis. Rethinking scholarly and policy approaches to international soft law, this volume answers enduring and pressing questions about global finance, International Relations, and power. Transformations in Governance is a major new academic book series from Oxford University Press. It is designed to accommodate the impressive growth of research in comparative politics, international relations, public policy, federalism, and environmental and urban studies concerned with the dispersion of authority from central states to supranational institutions, subnational governments, and public-private networks. It brings together work that advances our understanding of the organization, causes, and consequences of multilevel and complex governance. The series is selective, containing annually a small number of books of exceptionally high quality by leading and emerging scholars. The series is edited by Liesbet Hooghe and Gary Marks of the University of North Carolina, Chapel Hill, and Walter Mattli of the University of Oxford.

In the globalizing economy, national policymakers are often forced to accept the challenge of financial integration. Faced with the potentially destabilizing effects of international financial markets, they have to strengthen financial regulation, importing international best practices and aligning domestic with foreign regulation, to avoid destabilizing phenomena of regulatory arbitrage. Jordan and Majnoni explore the main features of the ongoing process of worldwide financial regulatory convergence and the role played by the global dissemination of financial standards and codes. They analyze the reasons behind the generalized acceptance of international best practices and the limits of the standards and codes approach to financial regulatory harmonization.This paper - a joint product of the Financial Sector Operations and Policy Department and the Cofinancing and Project Finance Group, Legal Vice Presidency - is part of a larger effort in the Bank to study the impact of financial regulation on economic development.

Financial intermediation and financial services industries have undergone many changes in the past two decades due to deregulation, globalization, and technological advances. The framework for regulating finance has seen many changes as well, with approaches adapting to new issues arising in specific groups of countries or globally. The objectives of this paper are twofold: to review current international thinking on what regulatory framework is needed to develop a financial sector that is stable, yet efficient, and provides proper access to households and firms; and to review the key experiences regarding international financial architecture initiatives, with a special focus on issues arising for developing countries. The paper outlines a number of areas of current debate: the special role of banks, competition policy, consumer protection, harmonization of rules-across products, within markets, and globally-and the adaptation and legitimacy of international standards to the circumstances facing developing countries. It concludes with some areas where more research would be useful.

A Global Perspective

Harmonization of Accounting Standards

The Harmonization of International Commercial Law

International Regulatory Harmonization Amid Globalization of Drug Development

IFRS Introduction and Its Effect on Listed Companies in Spain

Capital Rules

Prior scholarship advocates for international harmonization of financial regulation as a solution to the problem of cross-border regulatory arbitrage. The scholarship is theoretical, and rests on the contention that financial institutions can simply depart from an unfavorable regulatory regime. This paper contributes an empirical foundation to the concern that financial institutions relocate following regulation, while also deeply qualifying claims that effective regulation requires international harmonization. Using experience from swap markets following the Dodd-Frank Act, this paper provides the first empirical evidence that financial institutions migrate in response to derivatives regulation. This paper shows that U.S. banks substantially shifted inter-bank swap trading offshore while the delivery of swaps to U.S. customers did not decline.Building on this case study, the article develops theory for what policy goals are more susceptible to subversion through migration. Policy goals concerned with regulating relationships between financial institutions and their customers (e.g., goals of customer protection) are less vulnerable to relocation than policy goals concerned with relationships between financial institutions (e.g., reduction of systemic risk). This distinction reflects pragmatic priors on the relative costs and benefits of cross-border arbitrage to providers of financial services and their customers. In exploring how relocation skirted some regulations and alternative regulatory designs for achieving the same policy goals, the article solves a longstanding puzzle for international regulation. The claim that financial institutions can avoid territorially bounded regulation appears, on its face, suspect. If an institution truly removes its operations, what legitimate interest does a jurisdiction retain in regulating that institution? Through examining how operations may be restructured across borders, the article shows that a lack of harmonization: (a) does not affect whether a jurisdiction can in the abstract unilaterally implement its policy goals, but (b) does narrow the range of regulatory designs available to achieve policy goals. Absent harmonization, jurisdictions may be limited to regulatory designs that are more difficult to implement, for instance, due to political constraints or greater administrative burdens.

This book, part of the Integrating National Economies series, examines the case for international harmonization of financial regulation and supervision. Richard J. Herring and Robert E. Litan analyze three basic questions that arise as financial institutions seek to broaden their global reach: What should be the rights of access to markets in different countries? Whose rules should apply? And, which regulatory bodies should enforce these rules? The authors provide a framework for understanding the measures to regulate international financial institutions that countries have agreed on so far. They project potential changes in the international marketplace and the implications of those changes for regulatory policy. They discuss how policymakers should respond and, given the relevant policy constraints, how they are likely to respond. The book concludes with proposals designed to emphasize discipline of financial institutions by the market rather than by regulators.

Regulatory Competition in Global Financial Markets the Case for a Special Resolution Regime evaluates the power of market pressure on the way financial regulation is made. It argues that the phenomena of arbitrage and competition in financial rulemaking are potentially more problematic than elsewhere. The resulting dynamics may require regulatory intervention: the traditional response has been to promote international harmonization of legal rules with extraterritorial reach as a comparable unilateral response. In contrast to these traditional concepts, the author introduces the benefits that a special resolution regime for financial institutions can bring to the debate arguing that resolution regimes can help introduce market discipline and that threats to market stability can be eliminated where an effective and credible global framework is in place."

In the past 15 years, financial regulators from the developed world have attempted to create international regulatory standards in a variety of financial issue areas. Their negotiations are notable for the stark variation in the preferences of regulators toward international regulatory harmonization. Certain regulators actively resist any attempts at regulatory harmonization, while others are vocal in their advocacy for an international agreement. When will regulators seek to harmonize their rules with their foreign counterparts? I propose a principal-agent framework for analyzing regulator behavior that views international harmonization as a means of satisfying domestic political pressures. The framework predicts that regulators are more likely to seek international regulatory harmonization when confidence in the stability of financial institutions is declining, and when competitive pressures are increasing from foreign firms facing less stringent regulations. I explore the consistency of the framework with two important cases in the history of international financial regulation: the negotiations among bank regulators leading up to the 1988 Basel Accord on bank capital adequacy, and the negotiations among securities regulators over capital adequacy for securities firms between 1988 and 1992.

International Financial Markets

International Group Accounting (RLE Accounting)

The Domestic Politics of International Regulatory Harmonization
Organizing Transnational Standard Setting in Financial Reporting
The Politics of Accounting Regulation
International Cooperation, Convergence and Harmonization of Pharmaceutical Regulations

Although the internationalization of the Chinese renminbi is an important international political event, most of the studies of it place their analytical focuses largely just on China itself, the issuer of the currency. In contrast, this book addresses the question of how foreign states have responded to the renminbi's internationalization, during its initial phase through the 2010s, and thereby breaks new ground in exploring the international politics of currency internationalization. It builds a theoretical framework for analyzing a state's policy toward renminbi internationalization, developing the key concept of reactive currency statecraft. It then applies this framework to the four select cases of the United Kingdom, Japan, South Korea and the United States. This book reveals that all four of these countries have deliberately utilized their policies related to renminbi internationalization as means of achieving their own foreign policy goals associated with China, goals that have been principally economic in some cases but political in others. Remarkably, the predominant mode of response to the renminbi's internationalization has been accommodative. Even the United States and Japan—China's chief geopolitical and also international currency rivals—have never attempted to actively suppress it. This study provides new insights to anyone concerned with the transformation of the world monetary order, while also contributing a valuable analysis of the international politics surrounding the rise of China.

Preface. 1. The World Scenario and the Approximation of Law. 2. Vehicles for the Harmonisation of Law. 3. Regionalisation and Standardisation of Law. 4. Regional Corporate Law Harmonisation: The EU and the Mercosur. 5. The Infrastructure of Capital. 6. The Phenomenon of Development: International and Regional Approaches to Banking and Financial Law. 7. Theories of the Company. 8. Corporate Governance. 9. International Legal Standards and the Inclusion of Emerging Countries in the Globalised Order: The Case Study of Brazil. 10. Conclusion: Legal Pluralism and the Creation of Standards within the Process of Globalisation¿Analytical Summary and Theoretical and Practical Implications. Bibliography.

A detailed and scholarly historical study of the International Accounting Standards Committee (IASC), which prepared the way for the International Accounting Standards Board (IASB). The IASB holds the dominant influence over the financial reporting of thousands of listed companies in the European Union as well as in many other countries.

The turmoil in financial markets that resulted from the 2007 subprime mortgage crisis in the United States indicates the need to dramatically transform regulation and supervision of financial institutions. Would these institutions have been sounder if the 2004 Revised Framework on International Convergence of Capital Measurement and Capital Standards (Basel II accord)—negotiated between 1999 and 2004—had already been fully implemented? Basel II represents a dramatic change in capital regulation of large banks in the countries represented on the Basel Committee on Banking Supervision: Its internal ratings–based approaches to capital regulation will allow large banks to use their own credit risk models to set minimum capital requirements. The Basel Committee itself implicitly acknowledged in spring 2008 that the revised framework would not have been adequate to contain the risks exposed by the subprime crisis and needed strengthening. This crisis has highlighted two more basic questions about Basel II: One, is the method of capital regulation incorporated in the revised framework fundamentally misguided? Two, even if the basic Basel II approach has promise as a paradigm for domestic regulation, is the effort at extensive international harmonization of capital rules and supervisory practice useful and appropriate? This book provides the answers. It evaluates Basel II as a bank regulatory paradigm and as an international arrangement, considers some possible alternatives, and recommends significant changes in the arrangement.

International Harmonization of Financial Regulation?
Pitfalls of Global Harmonization of Systemic Risk Regulation in a World of Financial Innovation
International Harmonization of Wall Street Reform
Currency Internationalization and Reactive Currency Statecraft
The Multilevel Governance of Financial Regulation
Financial Regulatory Harmonization and the Globalization of Finance