

Note: This Syllabus covers all relevant aspects of the course and the reading assignments for the first weeks of class, for the complete syllabus, please go on the Blackboard page of the course

INTERNATIONAL FINANCE AND REGULATION

Spring 2022

2 credits

Law 693 (001): Tuesdays 8:10-10:10 PM

Professor Paolo Saguato

psaguato@gmu.edu

Office Hours: by appointment on Zoom – you can book [here](#)

Class format:

This course meets in person. However, if needed, we might have to convene some classes remotely on Zoom during the semester. You can find the zoom link on the Blackboard page of the course.

Course Introduction and Learning Outcome

Welcome to International Finance and Regulation! More than 10 years have passed since one of the most severe systemic crises of modern history. In the fall of 2008, the engines of the financial system halted, and the global economies collapsed. Policymakers, facing the growing cross-border dimension of national financial systems and the risk of cross-border externalities, responded by building a new international architecture for financial markets and institutions. Today, policymakers worldwide are facing new risks that might trigger crisis. This seminar offers an overview of financial market and financial regulation and focuses on the international approaches to the risks that might undermine the stability of global financial systems.

Effective financial and business lawyers must possess the skills to navigate the complexity of the post-2008 financial crisis international financial regime. This seminar will provide the toolkit to critically understand the legal, regulatory and policy debate around global financial markets.

This seminar has three aims:

1. to analyze the principles and rationales for financial regulation; and
2. to survey the primary players and instruments of the modern global financial markets and how they are regulated.

3. to examine the new forces – i.e. financial technology firms and products – and risks – climate risks and cyber risks – that financial markets are facing.

While focused on the international financial regulatory framework, the main reference jurisdiction is the United States, with a secondary focus on the European Union and the United Kingdom.

Mandatory Pre-course Assignment

Please fill out the “Bio Sheet” by Monday, January 24th, 2022.

Here is the link: <https://forms.gle/gbgR6BXughiFQtFM8>

You’ll also find the link in the Blackboard page of the course under the tab “Bio Sheet”

Course Requirements & Attendance

You are expected to attend classes, be prepared, and actively participate in class discussion. I will call on several students randomly during each class. If for any reasons, you know you will not be able to be prepared, please email me at least one hour before class at psaguato@gmu.edu. Your email should simply have in the subject line “IntFinReg Pass” and the date of the class.

[Academic regulation](#) requires you to attend at least 80% of classes in order to be eligible for credit in the course, put it differently you cannot miss more than 2 class sessions. **I will take attendance during each class.**

COVID protocol

You are required to be properly masked for the duration of the class. If you are not, you will be asked to leave the class. Eating and drinking is not allowed in class at any time. If you need to eat or drink during class, you can excuse yourself from the classroom for a few minutes to do so.

Please do **not** attend class if you have any cold or flu-like symptoms. Given current circumstances, we want to keep our community as healthy as possible and limit the spread of any illnesses.

Be prepared to switch to virtual learning via Zoom at any point during the semester. In that scenario, the following rules will apply:

- I strongly encourage all students to keep their videos turn ON during the class, to the extent possible
- Please keep your microphone on mute when you are not speaking
- To ask questions, please use the “raise hand” function
- Make sure that your first and last name and profile picture are set up on your Zoom account

Seminar Material and Method

You do not have to purchase any books for this course. All readings will be available online and on the Blackboard page of the course. Assigned readings might be subject to change, as the course progresses.

I expect you to complete all assigned readings before each class and to be prepared for a ***lively*** class discussion. Some readings might be technical and might use finance jargon, a good resource that can help you, especially if you do not have a background and basic knowledge of finance is [Investopedia](#).

In addition, I encourage you to read the business sections of the [New York Times](#), the [Wall Street Journal](#) or the [Financial Times](#) regularly (you can access them for free with your GMU credentials). Two good sources of business news are the daily newsletters of the [NYT DealBook](#) and the [Bloomberg View Money Stuff](#) by Matt Levine. Keeping up-to-date with business news can help you with job interviews, but, most importantly, shows you how the concepts, principles, and rules we study in class operate in the real world.

Feel free to email me anytime either to ask questions or to schedule an appointment to speak. I am aware that this is an evening class and I'm happy to meet in the evening: we just need to coordinate.

Grading Policy

The final grade for the course will be broken down as follows:

- 50% upon the quality of your final paper
- 20% upon the quality of your class participation
- 20% upon the quality of short reaction papers and discussion questions
- 10% upon the quality of your voluntary presentation of your paper the last day of class

Final paper

The law school's [Academic Regulations](#) require a "substantial writing assignment" (AR 4-2) as the basis of a grade in a course that does not have a final exam. It must be a "major paper" in order to satisfy a portion of your writing requirement (AR 3-3.3). The paper can be between 25-40 double-spaced, typewritten pages, footnotes included, but no more than 10000 words in total.

On the Blackboard page of the course, in the "Additional Material" folder, you can find a list of topics for possible papers. You can decide to write an (i) original contribution to the current financial regulation academic literature and policy debate; (2) a critical taking on the current academic literature or policy debate; (3) a systematic literature review on a specific issue. We will discuss in class how to pick a topic and how to write an academic paper.

Here is a timeline for the writing of the paper.

- On or before **February 22** – Submit 3 ideas you are considering for your paper. We shall meet and discuss them.
- On or before **March 8** – Provide a 500-750 words summary and outline of the paper you are contemplating, as well as a proposed initial bibliography consisting of at least 10 sources.
- On or before **April 5** – Submit (to me) an 8-10 pages draft of the paper, including no less than 7 additional sources (since October 3). Your thesis and table of contents must also be included.
- If you volunteer to present your paper during our last class on April 19, **on or before April 15** you must post your paper on the Blackboard forum page.
 - To upload your paper, access the Blackboard page of the course, then click on “Discussion Board”, and then click on “Create Thread” to upload your essay in the appropriate class forum.
- On or before **May 8** – Final paper due at 11:59 pm – email the paper to me at psaquato@gmu.edu.

[Academic Regulations](#) impose grade reductions for late submission of the final paper (AR 4-4.1(b)(iii)).

Class participation

To borrow a line from Prof. Ross Davies, “Let’s be clear about this up front: The evaluation of participation is subjective, which means that if you do not like your participation grade there will be no basis for challenging it. Having said that, you are unlikely to get a bad participation grade if you ... come to class prepared to make useful contributions and do in fact make them from time to time, and respectfully listen to and comment on the contributions of others.”

Short reaction papers and discussion questions

Short Papers. In addition to the final paper, you are required to write five (5) short reaction papers. These reaction paper must critically analyze, assess, question, comment, or respond to an issue that is presented in the readings. **They must not be a summary of the readings.** These short essays must be posted on the Discussion Board of this class on Blackboard no later than 12 pm of the day of the relevant class.

- To upload your paper, access the Blackboard page of the course, then click on “Discussion Board”, and then click on “Create Thread” to upload your essay in the appropriate class forum.

Discussion Questions. For any five (5) classes for which you are not preparing a reaction paper, you must submit 3-5 discussion questions based on the assigned readings. All discussion questions must be posted on the Discussion Board of this class on Blackboard no later than 12 pm of the day of the relevant class.

- To upload your paper, access the Blackboard page of the course, then click on “Discussion Board”, and then click on “Create Thread” to upload your essay in the appropriate class forum.

Voluntary presentation of your paper

You can decide to present your paper in front of your classmates and me and received feedback and questions. You can decide to present with or without the support of a Power Point presentation, and the presentation will be 10 minutes maximum.

Students resources

All students must comply with the Law School’s [Honor Code](#) and [Academic Regulations](#). This is the challenging time for everyone, if there is anything I can do, please free to reach out to me. University Life (<https://ularlington.gmu.edu/>) provides support for students:

- Counseling and Psychological Services: <https://caps.gmu.edu/>
- Disability Services: <https://ds.gmu.edu/>
- Patriot Pantry: <https://ssac.gmu.edu/patriot-pantry/>
- Student Health Services: <https://shs.gmu.edu/>
- Student Support and Advocacy Center: <https://ssac.gmu.edu/>

Office hours

During the semester, I will hold virtual office hours on Zoom by appointment. You can book your appointment [here](#). I’m always happy to discuss the class, law school more generally, legal practice, career opportunities, etc. I’d love to get to know you!

Feedback

If you have feedback or comments about the course, please do share them with me. Feel free to email me, or if you prefer want to send anonymous comments, you can use this [link](#). This is routed via Google and I have no way of identifying your identity. Naturally, I will not be able to respond directly. You can also find to tabs on Blackboard to submit anonymous feedback.

Course structure and assignments

Notes: Assignments might change during the semester. I might add or remove some material depending on the class interests and on current hot policy and market topics. The policy debate on international financial regulation is vivid and ongoing; and the market news might provide us with very interesting case studies.

The reference book for the course is

Principles of Financial Regulation [PFR], Armour *et al.*,
<http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780198786474.001.0001/acprof-9780198786474?rskey=Ow2VYW&result=3>

(you **do not need** to buy this book; all chapters are available online and a printed copy is available for consultation at the Law Library circulation desk)

Useful free resources:

1. Investopedia: <https://www.investopedia.com/> (very good source to finance related topics)
2. CoinCenter: <https://coincenter.org/> (think tank on cryptocurrencies)

Optional preparatory readings:

- The Economist, [A History of Finance in Five Crises](#) (April 12, 2014)
- WSJ, [10 Years After The Crisis](#) (March 27, 2018)
- Gary Gorton & Andrew Metrick, [Getting up to Speed on the Financial Crisis: A One-Weekend-Reader's Guide](#)
- Gary Gorton, [Questions and Answers about the Financial Crisis](#) (2010)
- Chapter [1 PFR](#)

1. Part I: The financial system and financial regulation

Class 1, January 25 – **What is the financial system: financial institutions and financial markets**

Required readings:

1. Chapter [2 PFR](#)
2. Gary Gorton, [Questions and Answers about the Financial Crisis](#) (2010)
3. Luigi Zingales, [Does Finance Benefit Society?](#) (2015) American Finance Association Presidential Address 2015, published in (2015) 70 *Journal of Finance* 1327, pp. 1340-1343

Class 2, February 1 – **Goals and challenges of financial regulation**

Required readings:

1. Chapters [3 PFR](#), [4 PFR](#), [24 PFR](#) (24.2; 24.4)

Suggested readings:

1. Eric Posner and EG Weyl, [The Case for Cost-Benefit Analysis of Financial Regulations](#), (2013) *Regulation* 30-34^{[L]_{SEP}}
2. Eric Posner and EG Weyl, [Benefit-Cost Paradigms in Financial Regulation](#) (2014) 43 *Journal of Legal Studies* S1^{[L]_{SEP}}
3. JC Coates IV, [Cost-Benefit Analysis of Financial Regulation: Case Studies and Implications](#) (2015) 124^{[L]_{SEP}} *Yale Law Journal* 882, pp. 885-926; 997-1011
4. Eric Posner and EG Weyl, [Cost-Benefit Analysis of Financial Regulations: A Response to Criticisms](#) (2015) *Yale Law Journal Forum* 246
5. John C. Coffee, [The Political Economy of Dodd-Frank: Why Financial Reform Tends to be Frustrated and Systemic Risk Perpetuated](#), 97 *Cornell Law Review* 1019 (2012) (introduction and Part I only).
6. Chapter [25 PFR](#) (The Political Economy of Financial Regulation)

Class 3, February 8 – **The international and domestic institutional architecture**

Required readings:

1. Chapters [28 PFR](#)
2. Michael Barr, [Who's in charge of global finance?](#) (2014)

Suggested readings:

1. Chapters [24 PFR](#) (24.3) (for an overview of regulatory architecture); [27 PFR](#) (27.2, 27.3)
2. Michal Barr & Geoffrey Miller, [Global Administrative Law: The View from Basel](#) (2006)
3. Pierre-Hugues Verdier, [The Political Economy of International Financial Regulation](#) (1405-1409; 1437-1459)