

Journal of European Public Policy >
Volume 21, 2014 - Issue 3: The EU in global financial governance

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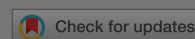
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The European Union as hardening agent: soft law and the diffusion of global financial regulation

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Pages 430-452 | Published online: 10 Mar 2014

Cite this article <https://doi.org/10.1080/13501763.2014.882968>

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ABSTRACT

Soft law promulgated by transnational networks is one of the hallmarks of governance in global finance. Standard accounts alternatively view such governance as a fast and flexible solution to transnational problems or weakly institutionalized club standards epiphenomenal to great power interests. We argue that dominant perspectives' view of soft law from domestic politics highlights how soft law becomes a standard accounting of support for isolation at the same time its standard accounting de empirical support.

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ACKNOWLEDGMENTS

We would like to thank the editors, as well as two anonymous reviewers, who made invaluable suggestions. In addition, we thank participants at the conference on Europe and Global Finance organized by Daniel Mügge at the University of Amsterdam, 14–15 February 2013. In addition, we received very useful feedback from Burkard Eberlein, Calvin Huntington, Rahul Kaul, Stefano Pagliari, Tony Porter, Elliot Posner, Lucia Quaglia, Eleni Tsingou, Kevin Young, David Zaring and Jonathan Zeitlin.

Notes

1 In terms of institutionalization, we follow Ruggie ([1998](#): 2) who focuses on predictability of behavior structured in large part by organizational routines. He identifies international organizations with their bureaucratic capacities as the key mechanism for institutionalization internationally. Given the non-treaty-based nature of soft law, many observers have described them as thinly institutionalized or network-based. See, for example, Zaring ([2004](#)).

2 ‘The provisions in ... Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (4), form an equivalent to the provisions of the Basel framework agreement.’ Directive 2006/48/EC of the European Parliament and the Council of 14th June 2006 on the capital adequacy of investment firms and credit institutions.

Official Journal of the European Union, L 167, 22.6.2006, p. 1.

3 We refer to the IASB’s *Conceptual Framework for Financial Reporting* as named in the *Journal of the American Tax Association*.

4 Regulation (EC) No 1606/2003 of the European Parliament and of the Council of 19 July 2003 on the adoption of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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- 5 <http://www.iasplus.com/en/resources/ifrs-topics/use-of-ifrs> (accessed 12 February 2014).
- 6 Prior to the financial crisis, ESMA was known as the Committee of European Securities Regulators (CESR).
- 7 http://ec.europa.eu/internal_market/accounting/third_countries/index_en.htm
- 8 See <http://www.esma.europa.eu/page/IFRS-Enforcement-0> (accessed 12 February 2014).
- 9 'About ISDA', available at <http://www2.isda.org/about-isda/> (accessed 26 January 2013)
- 10 Letter dated 30 October 2009 by Peter M. Werner of ISDA to Aleš Zalar, Minister of Justice of Slovenia, available at http://www.isda.org/speeches/pdf/SVN_NettingLtr-Moj_v1.pdf (accessed 9 February 2013).
- 11 Interview with ISDA official.
- 12 See ISDA comment letters to jurisdictions at <http://www.isda.org/speeches/comments.html> (accessed 9 February 2013).
- 13 See Article 7 of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements.
- 14 'ISDA proposes harmonization of netting in Europe', Press Release, 17 April 2008.
- 15 The 2006 EU Capital Adequacy Directive and the 2006 Auditing Directive both rely on international standards. The Auditing Directive is still awaiting implementation.

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