

BOOK REVIEW

EDITED BY A.U. DE SAPERE

Law and Practice of International Finance

By Philip Wood. London: Sweet & Maxwell, 1980. Pp. 462. \$86.75.

This volume constitutes an attempt by a London solicitor, Mr. Philip Wood, to describe the contemporary law and practice relating to international financial transactions. For the most part he succeeds, although, as noted below, a word of caution is in order for American practitioners. The book deals primarily with international commercial bank lending and international bond issues; it does not cover trade financing or the international use of letters of credit. Mr. Wood presents his material in eighteen chapters without any apparent method of organization. However, these chapters could be grouped under four basic headings: general aspects of international loan agreements and bond issues; special problems of loan documentation (covenants, defaults, subordination, guarantees, legal opinions); specific areas of substantive law (choice of law, choice of forum, sovereign risk, exchange controls, taxation); and special lending areas (project finance, secured lending, and ship and aircraft finance). This is an extremely broad and varied range of topics, and Mr. Wood does a commendable job in dealing with them.

The most valuable part of the book to a practitioner or financial executive will be the emphasis on market practice. As Mr. Wood states in his preface: "The law can be studied in the standard works but the practice cannot. I have therefore included detailed commentaries on sample clauses, described aspects of the customary documentation for international loans and generally endeavored to relate the law to what the documents actually say." Mr. Wood sensibly refrains from including one or more model loan agreements. However, an outline of a syndicated Eurocurrency loan agreement is set forth in an Appendix, with useful cross-references to the relevant sections in the text.

By its very nature, international finance involves the legal systems of more than one country. No doubt, this basic fact presented Mr. Wood with

his most difficult problem in planning and writing this book, both in terms of his own qualifications to speak authoritatively on legal systems other than his own and in the scope and length of the work. He has endeavored to solve this problem by relying principally on English case law in discussing specific areas of substantive law and occasionally referring to American, French, Swiss, or Japanese law in order "to be illustrative and suggestive as to other possible solutions." While one can understand the practicalities of this approach, it limits the usefulness of the book to American practitioners who will have to pursue certain areas in greater depth where there is a U.S. party to an international loan agreement or a U.S. choice of law and forum provision. For example, there is only a limited discussion of U.S. securities law and the Uniform Commercial Code, and no discussion of the impact of the Bankruptcy Code or federal and state banking laws and regulations on international lending. Fortunately, this is not as great a problem in the areas of market practice and documentation as a remarkable degree of international uniformity has developed in these areas during the past decade.

Finally, it does not appear that the English edition of this book, which was completed in August 1980, will be supplemented to account for current developments. In a rapidly changing field of law and practice, this must be considered a further limitation. For example, the book does not contain any discussion of the Iranian crisis and its effect on international lending practices. It may be noted that the American edition of this work, published by Clark Boardman Company, does contemplate periodic supplements.

Notwithstanding these limitations, Mr. Wood's book is a timely and significant work which belongs on the shelf of every lawyer practicing in the area on international finance. It comprehensively and intelligently deals with a wide variety of subjects, and is an extremely valuable contribution to a growing body of materials on the law of international finance.

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