



DERIVATIVES

&

FINANCIAL INSTRUMENTS

Charging for Intra-Group Services
within Financial Services Institutions

Solving the Issues of VAT and Financial
Derivatives or It's VAT Jim,
but Not As We Know It!



COMPARATIVE SURVEY

TAX TREATMENT OF FINANCIAL FUTURES
Germany
United Kingdom
United States



RECENT DEVELOPMENTS
Belgium

VOLUME 2

NUMBER 4

2000

*International
Tax Perspectives*

Book Review

TRATTATO SUI CONTRATTI DERIVATI DI CREDITO
(Credit Derivatives Handbook)

Francesco Caputo Nasseti and Andrea Fabbri

Egea, Milan

Italian language
798 pages

The best description of this comprehensive guide to the economic and law aspects of credit derivatives is to be found in the foreword to it by Alberto Giovannini and the Nobel Prize winner Myron Scholes.

"This book offers superior coverage of the topic of credit derivatives.

Francesco Caputo Nasseti and Andrea Fabbri have understood well that a serious, professional treatment of this topic requires mastery of both legal and financial technicalities: this book reflects their approach, and fully demonstrates the benefits of it.

In the past years information technology, communications technology and financial knowledge have joined to produce fast and real technical progress in the financial intermediation industry. The growth in the use of derivatives is the main reflection of that technical progress. The authors show that credit derivatives do help in significantly lower-

ing the costs of frictions in financial transactions. Because of this, credit derivatives have been immediately adopted by different classes of financial intermediaries. While the book focuses on banks, it gives examples of how other classes of intermediaries can make use of these products.

Caputo Nasseti and Fabbri present a detailed description of the various types of credit derivatives currently available in the market, and their financial applications. In addition, they offer a careful examination of the nature of the risks inherent in credit derivatives, a description of the pricing issues and a detailed analysis of the pricing tools used in evaluating credit derivatives. Finally, the authors provide thorough analysis of regulatory problems.

What makes the book particularly useful to the Italian market is that it provides a complete coverage of the topic from the viewpoint of Italian law. Italian institutions will be able to adopt the techniques outlined in this book and in so doing be consistent with the legal and regulatory environment in Italy.

Caputo Nasseti and Fabbri are to be commended for this detailed and thorough piece of work. By covering all aspects of credit derivatives they have written what amounts to be a manual on the subject. This manual will be useful reference to all professionals and scholars involved in this field.

They have to be thanked for their efforts and their important output."