Julia,

Your paper has improved a lot. I have some comments related to framing, theory, and case selection; in my opinion you are getting close to “done” on the empirical analysis given the inherent data limitations (though I’m sure others will have lots of suggestions). Let me know if you want to talk further.

Tyler

- Stick with the new title; I like it.

- I see some remaining tension in the way you frame the paper (as a statement on the power of non-legalized institutions) and the theory you present. As far as I can tell, legalization has nothing to do with your theory. Legal or non-legal institutions can monitor and activate third-party enforcers in equal measure, given the right conditions. Is this correct? If so, why the prominent references to “legally-binding”, “legal authority”, etc. in the abstract and conclusion?

  o You do suggest in Section 2 that perhaps legalization and enforcement mechanisms are substitutes – you need either one or the other to get compliance. Are you saying market enforcement is therefore only relevant to non-legal institutions?

  o Or is there some other way in which legalization interacts with enforcement that you want to communicate?

- First sentence of page 3: I would use “(AML/CFT)” at the end of the sentence; I think you only use them together and it gives the illusion of fewer acronyms.

- In Section 2.2, it might be nice to include examples of institutions that vary on your key dimensions. Who has independent monitoring, and who doesn’t? Same with clarity.

- In general, how rare is the “Demand for Information” scope condition? Can you think of other specific examples (you mention human rights and environment, but maybe you can more clearly connect this to market actors).

- The way you cite Koppel (2010) makes it seem like his argument is identical to yours. How does your theory differ from his “market-based approach”?

- When you transition to Section 3, can you give us some info on case selection and how we should think about the FATF case? It meets all the specific scope
conditions – does that make it a “most likely” case? Or illustrative? Or if you ultimately lean on the legalization angle, does FATF’s lack of legal status make it a hard case?

- I wonder if others will have trouble following the FATF section. If so, you could streamline a bit more (do we need to know about both blacklists? About 40+8 becoming 40+9? etc.)

- In the empirics, doesn’t the inclusion of country FE mean that every country with no variation in blacklisting is not informing the estimate? So these results tell you the effect of blacklisting among the subsample of blacklisted countries.

- Add some more bragging about your contribution to the conclusion.