

FINA232: Financial Markets
Fall 2003
School of Business and Management
The Hong Kong University of Science and Technology

Instructor: YiLin Wu,
Office: Room 2354
Telephone: 2358-7679
E-mail: yilinwu@ust.hk
Office Hours: Tuesday: 6:00-7:30
Webpage: <http://teaching.ust.hk/symbol/~fina232/>
Prerequisites: FINA 111 or equivalent.

Objectives: This course covers the instruments and functions of financial markets and institutions. As such, this course will be mostly descriptive and will involve a very limited amount of theories. A stronger than usual emphasis will be put on issues related to the corporate finance. For example, students will learn how corporations raise capital and what the consequences are when corporations choose to issue certain securities. When dealing with financial markets per se, our focus will be on how the banking system copes with bank run and on how liquidity is created in the securities markets. Issues like how to price options and futures will not be discussed in this class because there are other courses for pricing issues. While we will discuss both the U.S. and the Hong Kong financial system, things related to China will not be covered.

Required text book: Mishkin, Frederic S. and Eakins Dtanley G. (2002). Financial Markets+Institutions (4th ed.). Mass.: Addison-Wesley.

Recommended Books:

It is highly recommended that students read one of the following textbooks and fill in the details themselves

Fabozzi, Frank J. and Modigliani, Franco (1996). Capital Markets: Institutions and Instruments (2nd ed.). New Jersey: Prentice Hall.
Ross Stephen A., Westerfield Randolph W, and Jaffe Jeffrey (2002). Corporate Finance. New York: McGraw-Hill.
Paul Gompers and Josh Lerner (1999). The Venture Capital Cycle. Cambridge, MIT Press.

Exams: final examination

grade	cases	40%
	class	5%
	final	55%

Late homework is unaccepted, unless sufficient reasons are given. Homework must be done in groups of 4-5 students. Students can come from different sections. Students are strongly encouraged to form a study group.

You have to remember these:

- Check the course webpage regularly: Otherwise, you will miss a lot of things.
- Students are strongly encouraged to express their opinions in the class.
- There are many small things. Be on time. You are not allowed to move around different sections of this course. The most important one: Please preview and review the course material.