

**Course Objective**

This course is designed to provide students with an **introduction** to the domestic and international financial markets. Special attention will be given to the Hong Kong markets specifically as well as the Asian markets generally.

The goal is to provide the students with a sound base of **practical** information relating to essential elements of the financial markets, including without limitation, money and currency, payment instruments and systems, banks and financial institutions and their roles.

The approach will be very **practical**, drawn from real life experience as well as exposure to market practice.

**Course Format**

The course is divided into two parts. The first part contains fourteen lectures on Tuesday and Thursday, 10:30 to 11:50, starting from 20 October 2009 in room 4503.

The second part of the course will take students to field visits. Students will be divided into groups. Each group will visit a company and make a group presentation to the class about the company that they visit. Students are required to conduct research on the company and prepare a set of questions prior to the visit. The company visits will take place during the beginning of January 2010 (TBA) while the group presentations will be held in the following week.

**Assessment**

The course will be **graded**. The grading will be based on:

<b>Participation</b>	<b>15%</b>
<b>Quizzes</b>	<b>40%</b>
<b>Group Presentations</b>	<b>30%</b>
<b>Market News</b>	<b>15%</b>

**Course Outline**

We aim to discuss in broad terms the following topics:

- 1) Money, Currency, FX
- 2) Financial Institutions, Banks & I-banks
- 3) Financial Markets & Markets Organization
- 4) Bonds & Loans
- 5) Risk Management, Derivatives, Financial Innovation
- 6) Fund Management, Hedge Funds, Wealth Management & Private Banking

This outline is given **as a reference only**. We will aim to actively discuss domestic Hong Kong markets as well as selected Asian markets during the course. The course is intended to be extremely flexible and interactive so the agenda may change based on other subjects which might be of particular interest to students or the result of recent events. During the first session, groups will be

formed and topics decided for the rest of the course. This is a *highly interactive*, student-oriented course where **active participation is required** and an essential component of the course.

Please note this course is NOT intended to provide theoretical frameworks or quantitative analysis which will be taught in later courses of the curriculum.

What we will NOT cover:

- a) Equity Market (not in any depth)
- b) Interest Rate & Capital Market Theory
- c) Portfolio Theory & Valuations
- d) General financial and economic theories and models

### **Rules of the Game**

These are based on common-sense, real business life practice that you should be familiar with.

**Cheating, dishonesty and plagiarism will not be tolerated at any time and may result in strict sanctions.**

1. Attendance: Just as you would for business meetings, I expect each student to attend ***all*** classes unless a valid excuse is produced (such as medical emergency for a close member of the family). Similarly, as for business appointments, each student is also expected to be ***on time***. Late arrival is disruptive and disrespectful and will also be noted and will impact your grade.
2. Participation: Active participation is **required**, is an essential component of this course and will be graded. I expect each student to behave as you would in a business environment, showing respect for each other and generally not disrupting the class with inappropriate behavior.
3. Groups: Students will be formed into groups (max 5 groups of max 4 students each). Each group will be expected to prepare a topic and conduct one lecture on such topic, including Q&A. In addition, each group will have to present one market news. The order of the presentations and the choice of the topics will be decided in the first week. All members of the group will be required to be involved in the presentation, and each should have the opportunity to speak. Just as in business life, grading will take into account not only the content but also the presentation itself, including style, spelling, grammar, as well as oral skills, and the way you handle Q&A. All students are REQUIRED to participate actively in their classmates sessions.
4. Company visits and following presentations: specific instructions will be provided.
5. Course Materials, Questions and contact with instructor: The course materials will be posted on the University's LMES (FINA101), please check the website on a regular basis for new postings. For administrative queries, please contact the staff at the Department of Finance Office, who will be able to assist you. For any lecture related queries, feel free to contact me directly, preferably by email.

### **Reference Materials**

- There is no textbook for this course.
  - o Reading Materials will be provided during the course.

I strongly recommend that students familiarize themselves further with the financial markets by reading such market oriented newspapers as the Asian Wall Street Journal and the Financial Times; magazines such as Business Week, The Economist, Forbes and Fortune; watching CNBC and/or CNN; and exploring the Internet for subjects discussed in class.

General books and films of interest on financial markets:

- Films:
  - o "Trading Places" – funny movie starring Eddie Murphy and Dan Ackroyd – good background information on commodity trading

- <http://www.amazon.com/gp/product/B00003CXD3/102-8787308-1848924?v=glance&n=130&v=glance>
- “Wall Street” – eponymous illustration of the M&A fever and junk bond market starring Michael Douglas [http://www.amazon.com/exec/obidos/search-handle-url/ref=br\\_ss\\_hs/102-8787308-1848924?platform=gurupa&url=index%3Ddvd%26dispatch%3Dsearch%26results-process%3Dbin&field-keywords=wall+street](http://www.amazon.com/exec/obidos/search-handle-url/ref=br_ss_hs/102-8787308-1848924?platform=gurupa&url=index%3Ddvd%26dispatch%3Dsearch%26results-process%3Dbin&field-keywords=wall+street)
  - “Boiler Room” – relatively recent movie about penny stock trading in the US - [http://www.amazon.com/exec/obidos/search-handle-url/ref=pd\\_kk\\_sr\\_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room](http://www.amazon.com/exec/obidos/search-handle-url/ref=pd_kk_sr_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room)
  - “Barbarians at the Gate” – the movie from the famous book depicting the giant KKR deal for RJR Nabisco - [http://www.amazon.com/exec/obidos/search-handle-url/ref=pd\\_kk\\_sr\\_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room](http://www.amazon.com/exec/obidos/search-handle-url/ref=pd_kk_sr_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room)
  - “Rogue Trader” – the story of Nick Leeson and the collapse of Barings - [http://www.amazon.com/exec/obidos/search-handle-url/ref=pd\\_kk\\_sr\\_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room](http://www.amazon.com/exec/obidos/search-handle-url/ref=pd_kk_sr_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room)
  - “Other People’s Money” – a funny movie starring Danny De Vito, building on “Wall Street” but as a comedy - [http://www.amazon.com/exec/obidos/search-handle-url/ref=pd\\_kk\\_sr\\_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room](http://www.amazon.com/exec/obidos/search-handle-url/ref=pd_kk_sr_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room)
  - “Glengarry Glen Ross” – a dark satire of the ultra-salesmanship in the world of real estate – but could be similarly applied to sales teams in banks! [http://www.amazon.com/exec/obidos/search-handle-url/ref=pd\\_kk\\_sr\\_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room](http://www.amazon.com/exec/obidos/search-handle-url/ref=pd_kk_sr_2/102-8787308-1848924?index=dvd&field-keywords=boiler%20room)
  - “Liar’s Poker” – the movie from the book (the book is much better)- <http://www.amazon.com/gp/product/B0001EQI6A/102-8787308-1848924?v=glance&n=130&n=507846&s=dvd&v=glance>
  - “Bonfire of the Vanities” – movie from the book - [http://www.amazon.com/exec/obidos/tg/sim-explorer/explore-items/-/0553275976/0/101/1/dvd/purchase/ref=pd\\_sexpl/102-8787308-1848924](http://www.amazon.com/exec/obidos/tg/sim-explorer/explore-items/-/0553275976/0/101/1/dvd/purchase/ref=pd_sexpl/102-8787308-1848924)
  - “Rollover” – not terribly good movie starring Jane Fonda and Kris Kristofferson but provides some background on money & commodity markets and crises - <http://www.amazon.com/gp/product/B0009S4ILK/102-8787308-1848924?v=glance&n=130&s=dvd&v=glance>
  - “Working Girl” – good movie starring Harrison Ford, Sigourney Weaver and Melanie Griffith on the cut-throat world of M&A and gender discrimination - <http://www.amazon.com/gp/product/B000059HAK/002-7478592-9426468?v=glance&n=130&v=glance>
- Books:
- “Den of Thieves” – story of insider trading scandals - [http://www.amazon.com/exec/obidos/tg/detail/-/067179227X/ref=pd\\_sim\\_d\\_4/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/067179227X/ref=pd_sim_d_4/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
  - “Predator’s Ball” – the story of junk bonds, DBM and Mike Milken - [http://www.amazon.com/exec/obidos/tg/detail/-/0140120904/ref=pd\\_bxgy\\_text\\_1/102-8787308-1848924?v=glance&s=books&st=\\*](http://www.amazon.com/exec/obidos/tg/detail/-/0140120904/ref=pd_bxgy_text_1/102-8787308-1848924?v=glance&s=books&st=*)
  - “Barbarians at the Gate” – the story of RJR Nabisco and KKR – [http://www.amazon.com/exec/obidos/tg/detail/-/0060536357/ref=pd\\_sim\\_b\\_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0060536357/ref=pd_sim_b_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
  - “Liar’s Poker” – highly entertaining read about life in fixed income - [http://www.amazon.com/exec/obidos/tg/detail/-/0140143459/ref=pd\\_sim\\_b\\_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0140143459/ref=pd_sim_b_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
  - “Monkey Business” – sobering read about life as an associate in an investment bank - [http://www.amazon.com/exec/obidos/tg/detail/-/0446676950/ref=pd\\_bxgy\\_text\\_1/102-8787308-1848924?v=glance&s=books&st=\\*](http://www.amazon.com/exec/obidos/tg/detail/-/0446676950/ref=pd_bxgy_text_1/102-8787308-1848924?v=glance&s=books&st=*)
  - “F.I.A.S.C.O” – another sobering read about an associate’s life, in derivatives this time -

[http://www.amazon.com/exec/obidos/ASIN/0140278796/ref=pd\\_sxp\\_elt\\_11/102-8787308-1848924](http://www.amazon.com/exec/obidos/ASIN/0140278796/ref=pd_sxp_elt_11/102-8787308-1848924)

- “When Genius Failed” – the story of LTCM -  
[http://www.amazon.com/exec/obidos/tg/detail/-/0375758259/ref=pd\\_sim\\_b\\_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0375758259/ref=pd_sim_b_2/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
- “Against the Gods – The Remarkable Story of Risk” – fantastic book about risk in all its aspects – a must read if you’re going to be in markets!  
[http://www.amazon.com/exec/obidos/tg/detail/-/0471295639/ref=pd\\_sim\\_b\\_3/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0471295639/ref=pd_sim_b_3/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
- “Goldman Sachs: the culture of success” – book about GS -  
[http://www.amazon.com/exec/obidos/tg/detail/-/0684869683/ref=pd\\_sim\\_b\\_6/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0684869683/ref=pd_sim_b_6/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
- “My Life as a Quant” – a recent book about an academic’s foray in the real world of financial markets (!!!!) -  
[http://www.amazon.com/exec/obidos/ASIN/0471394203/ref=pd\\_sxp\\_elt\\_11/102-8787308-1848924](http://www.amazon.com/exec/obidos/ASIN/0471394203/ref=pd_sxp_elt_11/102-8787308-1848924)
- “The Misbehaviour of Markets” – an excellent recent book by the father of fractals -  
[http://www.amazon.com/exec/obidos/tg/detail/-/0465043550/ref=pd\\_sbs\\_b\\_1/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0465043550/ref=pd_sbs_b_1/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
- “The Wisdom of the Crowds” – very interesting book on collective intelligence -  
[http://www.amazon.com/exec/obidos/tg/detail/-/0385503865/ref=pd\\_sim\\_b\\_3/102-8787308-1848924?%5Fencoding=UTF8&v=glance](http://www.amazon.com/exec/obidos/tg/detail/-/0385503865/ref=pd_sim_b_3/102-8787308-1848924?%5Fencoding=UTF8&v=glance)
- “The Bonfire of the Vanities” – excellent fiction book about the “masters of the universe” culture in fixed income - [http://www.amazon.com/exec/obidos/tg/detail/-/0553275976/qid=1129514877/sr=1-2/ref=sr\\_1\\_2/102-8787308-1848924?v=glance&s=books](http://www.amazon.com/exec/obidos/tg/detail/-/0553275976/qid=1129514877/sr=1-2/ref=sr_1_2/102-8787308-1848924?v=glance&s=books)
- “Merkin Brothers” – tongue-in-cheek account of the pre-crisis Asian I-banks antics by the editor of Finance Asia - [http://www.amazon.com/exec/obidos/tg/detail/-/9628649612/qid=1129515707/sr=1-1/ref=sr\\_1\\_1/102-8787308-1848924?v=glance&s=books](http://www.amazon.com/exec/obidos/tg/detail/-/9628649612/qid=1129515707/sr=1-1/ref=sr_1_1/102-8787308-1848924?v=glance&s=books)

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