

FINA 609I – RAISING DEBT IN THE FINANCIAL MARKETS

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MBA Programme

September-October 2005

Course Objective:

This course is designed to develop an in-depth understanding of the choices open to companies in terms of debt financing, and to provide students with an introduction to the domestic and international debt 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 debt capital markets, loan markets and the instruments required to tailor the financing to the actual needs of the company.

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

Course Outline:

We will aim to cover the basics of the following topics:

- 1) Debt Capital Markets
 - a. Fixed income markets
 - b. Money market debt instruments
- 2) Loan Syndications & Asset Sales
 - a. Loans v. bonds
 - b. Essentials of loan syndications
 - c. Asset sales
- 3) Essentials of Project, Trade & Structured Trade Finance
 - a. Trade finance
 - b. Structured trade finance
 - c. Project finance
- 4) Raising Debt in the Financial Markets: a Tailored Approach
 - a. “Cookie-cutter” v. “tailored”
 - b. “Tool bag”
- 5) Challenges Ahead

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.

If time allows, we will endeavor to cover other subjects which might be of particular interest to students or the result of recent events.

What we will NOT cover:

- a) Equity Market
- b) Derivatives
- c) Interest Rate & Capital Market Theory
- d) Portfolio Theory & Valuations

Reference Materials:

- There is no course textbook for this course
- Reading Materials: *Students are encouraged to consult the following books, available from the University library:*
 - o **Asia's Credit Markets** by Florian Schmidt
 - o **The Money Markets Handbook** by Moorad Choudhry
 - o **Debt Management** by John Finnerty and Douglas Emery
 - o **International Trade Finance** by Kwai Wing Luk
 - o **Fixed Income Markets and their Derivatives** by Suresh Sundaresan

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.

Assessment:

The final grading will be determined as follows:

1) Group Presentations	30%
2) In-Class Quizzes	60%
3) Attendance, Punctuality & Participation in Class	10%

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). Unexcused, repeated absences will result in a *zero* grading for the Attendance portion of the grade. Similarly, as for business appointments, each student is also expected to be on time. Late arrival is disruptive and disrespectful. Repeated late arrival will result in lower rating. Attendance (and punctual arrival) to guest speakers sessions is *mandatory*.
2. Participation: Active participation is highly encouraged, and will be duly noted. I also 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. Quizzes: there will be 3 in-class quizzes; each will count for 20% of the grade. There will be no make-up quiz. Unexcused absence will result in *zero* grading for that test. Excused absence will result in the points being spread out over the remaining tests. I will generally give an advance warning of the quiz the session before it takes place, but on average you should be prepared to have a quiz every other week. Each quiz will last approximately 20 to 30 minutes and will cover basic concepts and themes studied during the course. The idea here is to check that you have really understood the subjects covered.

4. Group Presentations: Students will be formed into groups. For each group, a subject will be given. Each group will be expected to prepare a presentation to last no more than 20 minutes, followed by a 10 minutes Q&A. The presentations will all take place on the last day of the course. Just as in a business environment, the time constraint will be strictly enforced. All members of the group will be required to be involved in the presentation, and each should have the opportunity to speak for a few minutes. Preliminary copies of the presentation (slides) should be sent to me by email for comment one week before the presentations. Just as in business life, my 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 the Q&A session.

5. Course Materials, Questions and contact with instructor: The course materials will be posted on the University's WebCT (FINA690I), please check the website on a regular basis for new postings. For administrative queries, please contact Stella LIEN (ext 7674) or 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.

Contact Details for Instructor:

E-Mail: vlafon@ust.hk

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Teaching Assistant: Stella LIEN ext 7674 email fnstella@ust.hk

Personal Telephone (for emergency ONLY): 9042-6753

Mail: address to Department of Finance at HKUST, clearly indicating course reference and instructor's name.