Course Description:
This course is designed to address the major markets that dictate today’s global marketplace. We examine equity, bond, foreign exchange, and derivative markets here and internationally. Investment choices in an international marketplace are examined. Special emphasis is placed on the structure of markets globally.

Course Objectives:
This course introduces the workings and structure of major markets and financial institutions around the world. Students will be expected to read articles, chapters in an exciting new book, and write and present a project on a timely and exciting hot issue in today’s capital markets. There will be two in class exams. This is a seminar class and there will be no homework assigned beyond reading and preparing for class.

Required Materials:
- ISBN: 0321551273 Coursesmart eTextbook
- Trading and Exchanges, Harris, Oxford.
- All Blackboard postings.
- Some articles that will be assigned and other readings
- Please obtain the phone number of another student in the class today (mandatory).

Readings:
Readings from the chapters will be assigned for each class. In addition, readings from the handout package will be assigned regularly, and are considered required. It is important to arrive to class having read the assigned chapter(s) and handout(s). I reserve the right to call upon you during class to provide explanations or answers to questions. Please be aware that the degree of the student's preparation (or lack thereof) may be used to determine marginal grades.

Examinations:
There will be two in-class exams. Coverage: Questions may involve numerical problems and conceptual issues. Anything in the lectures or the reading assignments is fair game.

The tests are closed-book, but you can bring in one 8 ½" x 11” page of notes (both sides) of formulas only (no examples, no definitions, no instructions, no words, no calculator instructions, no laptops, no calculator manuals).

Exams will be cumulative only in that concepts studied in the first part of the semester will be necessary in order to understand and adequately respond to the questions posed.
The exams dates are given below. The quizzes are given in class, only, on the date specified. No make-ups or alternative arrangements for any of the exams.

There will also be a paper and a presentation. The presentation will be arranged in teams of two. The paper will be written and graded individually and will have to cover different aspects of the subject. The presentation will be graded on interest and creativity, while the paper will be graded for content, etc. For example, a game or a simulation is a better choice than power point presentations. The paper and presentation must be notably different from one another. The paper is due April 21. No exceptions to this.

Caveat:

If you do not like this policy, you may request only during THE FIRST WEEK of the semester to forfeit your drop option and take all exams instead, buying yourself the option to makeup one of the exams in the event that you will be sick. If you choose this option, you may not drop any grade whatsoever, are required to take all exams, and may not change your mind mid-semester.

Grading:

Your final grade will be based upon the exams and the presentation/paper. The exams will be 40% of the final grade and will be calculated as the higher of your two grades. I will automatically drop your lowest of the quiz grades— if you miss one of those two, your grade for the written exams will simply be the grade of the one exam you took. This ‘drop’ policy constitutes your makeup exam: if you miss a midterm exam because you are sick or need to be out of town or any emergency, etcetera, your makeup is that you are allowed to simply skip one exam.

If you do not like this policy, you may request only during THE FIRST WEEK of the semester (in writing) to forfeit your drop option and take all exams instead, buying yourself the option to makeup one of the exams in the event that you will be sick. If you choose this option, you may not drop any grade whatsoever, are required to take all exams, and may not change your mind mid-semester.

The presentation will count for 30% of your grade and will be graded on content but also presentation and interest. A written version of the presentation must be handed in at the time of presentation. This is not the same as the paper that each student submits! It is a written reference for me of what you have done. Although the grade is shared equally, not all team members must present. Presentations are 25 minutes long. Since grades will be based on interest as well as on the usual suspects, please choose your presenter/format carefully.

The paper, due April 21, 2001 constitutes 30 percent of the grade.

I reserve the right to reduce grades for a lack of class participation, especially during the second half of the course. This is a seminar course and therefore preparation ina timely manner and participation are required elements of the course.

Class Attendance:

You are responsible for knowing what goes on in class, which may include material not covered in the readings, modifications to the syllabus, and announcements concerning exams.

Most course announcements will be made as announcements on blackboard. Sometimes, E-mail will be sent, but to the Blackboard e-mail address only. It is your responsibility to ensure that this is correct, to check the e-mail and/or make sure that it is correctly forwarded to an address that you do check. Also, it is your responsibility to check the blackboard frequently.
On Presentation Days: I will be assigning readings and/or articles for each topic. During/After presentations we will discuss the material in a seminar format.

Office hours:
Tuesday 12:50-1:50; My office is 1128 1WP. Tel: 973-353-5272. Please do not leave me phone messages that are time sensitive. Email is better, with you day and evening numbers, and I will email or call you back.

E–mail policy: (tronen@andromeda.rutgers.edu)
You may prefer to ask me questions by e–mail. Your message MUST include a subject and your name, clearly identifying yourself as my student. Please make sure your Email queries are self contained, and can be answered in a reasonably short way.

Tentative Schedule:

Note: all articles to be read will be made available to the students electronically. All readings should be done before the lecture on the topic

Topic 1: International Financial Markets: Introduction
Session 1, 2 January 20, January 27Covers: Current Exchange Rate Arrangements, The Euro, The Foreign Exchange Rate Market, the Spot Market, Cross Exchange Rates, The Forward Market
Reading Due: Solnik McLeavey, Chapters 1-3

Topic 2: Equity Markets: Overview of Market Structure Around the World
Session 2, 4 January 27,, February 10 (February 3 we have a guest lecturer on CDS markets which is listed as Topic 3)
Reading Due: Harris, Chapter 3, SM Chapter 5, Harris, Chapter 3, 5, 6: Section 2, (especially 6.2.2.1 on page 119), Chapter 27 on circuit breakers, Silber article, Ronen article (read only section 1, 2,3,6 and all appendices) , Kalay-Wohl Article on TASE, Amihud Article, article on West Africa Bourse, Harris, Chapter 4, 28

Topic 3: Credit Default Swap Markets
Session 3: Thursday February 3:. What’s a CDS? How the market works, how CDS trade, the different types of contract, CDS Markets. Domestic and international issues, sovereign CDS Market, Advances. Specifically, The CDS market landscape, Introduction to "vanilla" CDS structures, The market participants, (retail, end user, dealers, interdealer brokers),Types of CDSs (IG, HY, Indices, Sovereigns), General introduction to data and pricing, Topic 820 (formerly FASB 157) addressing Tiers 1, 2, and 3 assets and portfolio valuations, General lessons from the 2008 unwind, the case of Russia.

Exam 1: Session 5: February 17: On everything covered so far

Topic 4: Global Bond Markets:
Session 6: Thursday February 24.
Reading Due: SM Chapter 7, Handouts
Topic 5: Foreign Exchange Markets: A Detailed Look


Topic 6: International Asset Pricing Models, International Diversification

Session 8, March 10:

Reading Due: SM Chapter 4, 9 Handouts

Exam 2: Session 9: March 24: On everything covered so far

Presentations: March 31, April 7, 14, 21

Detailed Topics for Sessions 10-14 will be announced shortly, but will include Leading Global Markets, emerging markets, Derivatives, ECNs, and more.