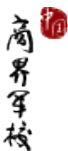




PHBS

北京大学汇丰商学院



FIN 542 (18F4R)

Financial Markets and Investments in China Module 1, 2018-19

Course Information

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Classes:

Lectures: Monday and Thursday, 13:30-15:20

Venue: PHBS Building, Room 231

1. Course Description

1.1 Summary of Course Contents

This course introduces China's investment environment by examining how financial markets, institutions, and regulations work in China. It will cover the basic theories and practices of financial markets for bonds, stocks, and foreign exchanges etc., financial institutions such as banks and non-bank financial entities, and financial regulations, including central banking and financial services regulators, with particular attention to key challenges to the development and opening of China's financial system and the opportunities and risks to domestic and global investors, as well as implications on China and the global economy.

1.2 Textbooks and Reading Materials

No required textbooks for this course. The following is a list of reading materials for references while preparing class discussion, assignment, group project, and final essay:

1. Theories and practices of financial markets, institutions, and regulations and their applications in China

- Frederic S. Mishkin and Stanley G Eakins, **Financial Markets and Institutions**, 8th Edition, Pearson Education, 2018. (中国人民大学出版社《金融市场与金融机构》英文版或中文翻译, 第八版, 2018)
- Geng Xiao, Monthly column on China's economy and finance: www.project-syndicate.org/columnist/geng-xiao

- 彭兴韵, 《金融市场学》, 上海人民出版社, 2018.
- 肖耿, 《中国经济的现代化: 制度变革与结构转型》, 译林出版社, 2012.
- 肖耿, 《中国宏观经济分析: 论文选编》, 北大汇丰商学院讲义, 2018.

2. Overview of China's financial system

- Douglas J. Elliott and Kai Yan, ***The Chinese Financial System: An Introduction and Overview***, John L. Thornton China Center, Brookings Institution, 2013.
- Udaibir S. Das, Jonathan Fiechter and Tao Sun, Editors. ***China's Road to Greater Financial Stability: Some Policy Perspectives***. Washington, D.C.: International Monetary Fund, 2013.
- IMF, ***People's Republic of China: Selected Issues***, IMF Country Report No. 17/248, International Monetary Fund, 2017.
- Geng Xiao, ***Challenges with which Shanghai is faced to become a global financial center & its policy choices***, Brookings-Tsinghua Center for Public Policy, 2008.
- Geng Xiao, ***Ten Policy Recommendations to Make Shanghai a Top IFC within a Decade***, Brookings-Tsinghua Center for Public Policy, 2008.
- Andrew Sheng, Yuan Wang and Geng Xiao, ***Corporate Governance and Property Rights Infrastructure: The Experiences of Hong Kong and Lessons for China***, 113-124, in ***Policy Reform and Chinese Markets: Progress and Challenges***, Belton M. Fleisher, Nicholas C. Hope, Anita Alves Pena, and Dennis Tao Yang, eds., Edward Elgar Publishing, 2008.
- Andrew Sheng and Geng Xiao, ***Managing China's Global Risks***, Project Syndicate, May 29, 2018.
- Geng Xiao, ***PBOC faces the most challenging work of all central banks***, Video at Central Banking Magazine, <https://www.centralbanking.com/central-banking/news/2469678/pboc-faces-the-most-challenging-work-of-all-central-banks-hku-s-xiao>.

3. China's banking, real estates, and debt markets

- Economist, ***Opening the books: Assessing local government credit risk in China***, The Economist Intelligence Unit, 2016.
- The Economist, ***China's supply-side structural reforms: Progress and outlook***, The Economist Intelligence Unit, 2017.
- Andrew Sheng and Geng Xiao, ***Lending in the Dark***, Project Syndicate, April 22, 2013.
- Andrew Sheng and Geng Xiao, ***China's Risky Credit Boom***, Project Syndicate, January 31, 2013.
- Andrew Sheng and Geng Xiao, ***China's Subprime Risks***, Project Syndicate, July 28, 2014.

- Qu Hongbin, Julia Wang, Li Jing, and Aakanksha Bhat, ***How worrying is China's debt?*** HSBC Research Report, 2016.
- Andrew Sheng and Geng Xiao, ***Great Cities and Ghost Towns***, Project Syndicate, September 18, 2014.
- Andrew Sheng and Geng Xiao, ***Quitting the Quota***, Project Syndicate, March 22, 2013.
- Andrew Sheng and Geng Xiao, ***Keynes and Hayek in China's Property Markets***, Project Syndicate, September 26, 2016.
- Michelle Kwok, ***China Real Estate: Catching Phoenixes***, HSBC Global Research, June 2017.
- World Bank and Development Research Center of the State Council of PRC, ***Urban China: Toward efficient, inclusive, and sustainable urbanization***, World Bank Group, 2014.
- Andrew Sheng and Geng Xiao, ***China in the Debt-Deflation Trap***, Project Syndicate, September 24, 2015.
- Deutsche Bank, ***Investing in China's Bond Market: An Overview for Global Investors***, 2016.

4. China's capital market

- China Securities Regulatory Commission, ***China Capital Markets Development Report***, China Finance Press, English and Chinese, 2008.
- ASIFMA, ***China's Capital Markets: Navigating the Road Ahead***. Hong Kong: Asia Securities Industry and Financial Markets Association, 2017.
- Andrew Sheng and Geng Xiao, ***Getting Prices Right***, Project Syndicate, June 24, 2013.
- Andrew Sheng and Geng Xiao, ***The Next Phase of China's Financial Deepening***, Project Syndicate, November 27, 2014.
- Andrew Sheng and Geng Xiao, ***Channelling China's Animal Spirits***, Project Syndicate, May 26, 2015.
- Andrew Sheng and Geng Xiao, ***China's Live Stress Test***, Project Syndicate, July 21, 2015.
- Andrew Sheng and Geng Xiao, ***Moving from Debt to Equity in China***, Project Syndicate, May 31, 2016.
- Andrew Sheng and Geng Xiao, ***Putting Asia's Savings to Work in Asia***, Project Syndicate, February 21, 2017.

5. *China's foreign exchange market and capital control*

- Eswar S. Prasad, ***China's Efforts to Expand the International Use of the Renminbi***, Report prepared for the U.S.-China Economic and Security Review Commission, 2016.
- Geng Xiao, ***China's Exchange Rate and Monetary Policies: Structural and Institutional Constraints and Reform Options***. Asian Economic Papers, MIT Press, page 31-49, 7:3, 2008.
- Geng Xiao, ***China's exchange rate policy and what it means for the dollar***, What Matters, McKinsey & Company, January 13, 2010.
- Geng Xiao, ***Is the Renminbi the Next Global Currency?*** McKinsey Quarterly, February 2010.
- Andrew Sheng and Geng Xiao, ***Trumping the Renminbi***, Project Syndicate, January 27, 2017.
- Andrew Sheng and Geng Xiao, ***China's Lonely Fight Against Deflation***, Project Syndicate, Feb 29, 2016.
- Andrew Sheng and Geng Xiao, ***Plan B for the Global Economy***, Project Syndicate, March, 2016.
- Andrew Sheng and Geng Xiao, ***How to Finance Global Reflation***, Project Syndicate, April 25, 2016.
- Andrew Sheng and Geng Xiao, ***Trumping the International Monetary System***, Project Syndicate, November 23, 2016.
- Andrew Sheng and Geng Xiao, ***From Dollar to e-SDR***, Project Syndicate, April 27, 2018.
- Matthew Harrison and Geng Xiao, ***Enhanced Special Drawing Rights: How China Could Contribute to a Reformed International Monetary Architecture***, China & World Economy, 41-61, Vol 26, No. 4, 2018.

6. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (1) to (4)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes, see (2) and (4)
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes, see (3)
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes, see (3)
	2.2. Students will be able to apply leadership theories and related skills.	Yes, see (3)
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Yes, see (1) and (3)
	3.2. Our students will practice ethics in the duration of the program.	Yes, see (1) and (3)
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes, see the list of readings and course summary
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes, the first part of the course will review theories
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes, see (3) and (4)
	5.3. Our students will demonstrate competency in critical thinking.	Yes, see (4)

2.2 Course specific objectives

- (A) Master the basic theories and practices of financial markets, financial institutions, and financial regulations in China;
- (B) Understand and debate on the challenges to the development and opening of China's financial system and the implications;
- (C) Appreciate the opportunities and risks of doing financial investments in China;

2.3 Assessment/Grading Details

(1) Class participation	15%
(2) Assignment on literature review (no more than 10 slides)	20%
(3) Group presentation (no more than 30 slides)	30%
(4) Final essay (2000 words plus no more than 10 slides)	35%
共计	100%

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

7. Topics, Teaching and Assessment Schedule

- Class 1-6: Theories and practices of financial markets, institutions, and regulations
- Class 7-8: Overview of China's financial system
- **Assignment on literature review due on Class 8**
- **Group presentation and discussion between Class 9 and Class 18**
- Class 9-12: China's banking, real estates, and debt markets
- Class 13-15: China's capital market
- Class 16-18: China's foreign exchange market and capital control
- **Final essay due one week after the last class**

End.