

Chinese Financial Markets

Sept. ~ Dec. 2016, By Xiaorong Zhang

For Asian Business School Program and Exchange Students in Fudan

Course Description

Dynamics in the Chinese financial markets has attracted much international attention. This course aims to providing the international students with an understanding of how the Chinese financial markets originated and developed, what reforms have been done, the Chinese characteristics, the challenges in future reforms, and possible steps the government would take in the following 5 years.

This course is a 3-credit elective for students in the 3rd or 4th year of their university study. Starting with a comprehensive introduction, the course covers the major financial markets in China, including the central bank, the commercial banking system, the security market, and the foreign exchange market. Each market will be an individual topic, for which the course first reviews the fundamental concepts and theories, then explains the history and facts in China, presents examples and cases, and finally talks about the future reforms.

The total teaching time will be 3 teaching hours each in 16 weeks, including the final. In completing the course, students are required to do one presentation in the class in groups, which accounts for 30% in the final grading. The presentation will be 25-30 minutes, and can be any topic related to the financial markets, not limited to China. International students are strongly encouraged to share their countries' experience with others and provide a global perspective for the course.

The final is an individual work of thesis writing (5-8 pages) on any topic *related to the Chinese financial markets*, which accounts for 50% in the grading. Students should use what they learn in the class and what they read in the media to write a logical, well-structured and integrated thesis.

The course will be conducted in English. Textbooks, instructor's PPT files and the final exam will all be provided in English.

Textbook

Foundations of Financial Markets and Institutions (4th Edition), by Frank J. Fabozzi, Franco Modigliani, Frank J. Jones, ISBN: 978-7-111-32325-9, November 1, 2010, Pearson Education
(Re-printed by China Machine Press)

Grading

Classroom attendance and participation	20%
Classroom project presentation	30%
Final thesis (individual)	50%

Teaching Agenda

Week 1 (Sept. 8): Course Introduction, Overview of Financial Markets

Week 2 (Sept. 15): Mid-Autumn Day Holiday, no class

Week 3 (Sept. 22): the Central Bank

Week 4 (Sept. 29): the Central Bank

Week 5 (Oct. 8): the Banking System in China

Week 6 (Oct. 13): the Banking System in China

Week 7 (Oct. 20): the Stock Market in China

Week 8 (Oct. 27): Visiting Yonglibao.com

Week 9 (Nov. 3): the Stock Market in China

Week 10 (Nov. 10): RMB Exchange Rate Regime and RMB Internationalization

Week 11 (Nov. 17): RMB Exchange Rate Regime and RMB Internationalization

Week 12 (Nov. 24): Visiting Shanghai Futures Exchange

Week 13 (Dec. 1): RMB Exchange Rate Regime and RMB Internationalization and Course Wrap-up

Week 14 (Dec. 8): Students' Classroom Presentation

Week 15 (Dec. 15): Students' Classroom Presentation; Course Wrap-up

Week 16 (Dec. 22): Individual Thesis Tutoring

Week 17-18: Student Individual Thesis Writing

Individual Thesis due on Jan. 5th, 2017

Supplementary Reading

- 1) Allen, Franklin, Jun Qian and Meijun Qian, "China's Financial System: Past, Present, and Future", Working Paper, 2005
- 2) BIS, Triennial Central Bank Survey, 2016
- 3) CBRC annual reports, all years
- 4) Chen, Ji and Steve Thomas, "Emerging Stock Markets in the People's Republic of China", *Financial History*, Spring 2000
- 5) Chen, Zhiwu, "Capital Freedom in China as Viewed from the Evolution of the Stock Market", *Cato Journal*, Vol.33, No.3 (Fall 2013)
- 6) FSB, Global Shadow Banking Monitoring Report 2015
- 7) HKSE, "Shanghai-Hong Kong Stock Connect FAQ for Investors", 2014
- 8) IMF, "Internationalization of Emerging Market Currencies: A Balance between Risks and Rewards", 2011
- 9) KPMG, "China's Capital Markets: the Changing Landscape", 2011
- 10) Lardy, Nicholas, "Interest Rate Liberalization and the International Role of RMB", Working Paper, 2012
- 11) Leigh, Lamin and Richard Podpiera, "The Rise of Foreign Investment in China's Banks--Taking Stock", IMF Working Paper, WP/06/292
- 12) Li, Yumeng, et al, "China's New Third Board Market: Opportunities and Challenges", *Procedia Computer Science* 55, 2015
- 13) McGuinness, B.Paul, "An overview and assessment of the reform of the non-tradable shares of Chinese state-owned enterprise A-share issuers", *Journal of Financial Regulation and Compliance*, Vol. 17 No. 1, 2009, pp. 41-56
- 14) MSCI, "Results of MSCI 2016 Market Classification Review", 2015
- 15) PBOC, Annual Reports, all years
- 16) PBoC, China Monetary Policy Report
- 17) PwC, "Foreign Banks in China", 2012
- 18) RAND Corporation, "Banking System Reform in China", 2007
- 19) Yi Gang, "Exchange Rate Arrangement: Flexible and Fixed Exchange Rate Debate Revisited", Rethinking Macro Policy I: First Steps and Early Lessons Conference held by IMF, April 2013
- 20) Yi Gang, "RMB Exchange Rates and Relevant Institutional Factors", *Cato Journal*, Vol.28, No.2 (Spring/Summer 2008)

All can be downloaded from the university eLearning System.