Information for

Fourth Year Honours Students in 2004

in

Banking and Finance
SCHOOL OF BANKING AND FINANCE
THE UNIVERSITY OF NEW SOUTH WALES

INFORMATION FOR FOURTH YEAR HONOURS STUDENTS IN 2004

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1. Why do honours in Finance?

The Finance industry is becoming increasingly complex and global in its scope. As such, it demands graduates with first-rate training in Finance who can be immediately employed to add value to an organisation. The honours year will provide students with an opportunity to learn the necessary skills to tackle the financial issues and challenges they will encounter in their future careers. These include analytical skills in problem solving (identification of problems, mapping out solutions and executing them) and Financial (both practical and academic) research skills. In fact, completing an honours degree has become a prerequisite for a successful placement in certain sectors of the financial services industry, for example investment banking, consulting, risk management and international finance.

The School has accumulated an enviable reputation of generating top class honours graduates who move on to key Finance industry positions not only in Australia but also in major Financial centres in the world. (see a couple of success stories below)

Case 1: John Ho, First Class Honours with University Medal, 1997

John Ho received the University Medal when he finished his honours degree three years ago. A very hard worker, John chose a topic in real options for his thesis, a topic that was both mathematical and empirical. A paper from his thesis is soon to be published.

After graduating with a combined degree in Finance and Mathematics, John joined the Boston Consulting Group. His role as an analyst in the management-consulting firm took him to far-flung places such as Fiji, Florida, Seville, Paris and Bangkok. He has worked on advising a large overseas conglomerate in acquiring an Australian corporate icon; and helped a major Australian bank re-configure its distribution networks and its performance management system. Over the last three years, he has used his option pricing knowledge to help companies set up executive option schemes and evaluate real options.

He was also fast-tracked and promoted from “Associate” to “Consultant” in a relatively short span of time. He will soon be taking up a new challenge. As part of the BCG program, he will be heading off to Chicago to work for a hedge fund for 2 or so years for a “secondment”. He will be working for “Citadel Investment Group”—one of the largest and arguably most successful hedge funds in the world. His role will be to assist the corporate...
strategy team—to further Citadel’s growth and to develop its hedge fund products and strategies.

Case 2: Andrew Carpenter, First Class Honours with University Medal, 2002

Andrew Carpenter wrote his honours thesis on the price discovery process in the foreign exchange market. His thesis is one of the few studies in the foreign exchange literature that examine the information content of trades by different participants. Through careful econometric analyses, he presents evidence of an information hierarchy across different types of players and the choices of trading mechanisms in the foreign exchange market. He graduated in 2002 and is to be awarded the University Medal in May.

Andrew’s success in his honours study, and in his thesis in particular, is the result of hard work and perseverance. He started his thesis earlier than most others, and stayed focused and undeterred by several major hurdles from data acquisition and quality to econometric analyses. In his thesis, he quotes a speech by John F Kennedy: “We choose to go to the moon. We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win.”

Andrew is currently working at UBS-Warburg as an equity and derivatives trader.

2. Application Procedure and Admission Criteria

Entry into the BCom Honours in Finance program is open to all outstanding students who have completed their BCom degree requirements with a Major in Finance and have completed a minimum of seven finance courses (one of which must be FINS3775 Research Methods 1). Students in double degree programs at UNSW may do the honours year prior to or after their second degrees. Students with comparable qualifications may apply from other institutions.

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1 Address at Rice University on the Nation's Space Effort, 12th September 1962.
Applicants to the honours program in finance should send the following materials to Ms. Shirley Webster, School of Banking and Finance, University of New South Wales, UNSW, Sydney NSW 2052:

- a cover letter highlighting the background and strengths of the applicant (a formal application form may be required, check school’s web site towards the end of session 2, 2003)
- a copy of your CV and academic transcript,
- and other supporting documents (e.g. rewards, research papers), if any.

Applicants can contact Shirley at 02-9385-5855 for Q&As. The deadline for application is November 28, 2003. Applicants should submit an academic transcript for S2, 2003 as soon as it is available.

The baseline requirements for admission to the honours program are

(i) the applicant has never failed any course and has
(ii) completed a minimum of seven finance courses (two optional courses in addition to the five compulsory courses: FINS1612, FINS1613, FINS2624, FINS3616, FINS3775)
(iii) the applicant has achieved an overall average of 75/100 for all finance courses

Admission is based on whether the applicant is deemed to be able to achieve first class honours (average 85 and above during the honours year, see honours weighting scheme in section 9, page 6), or honours 2-1 (average 75 and above during the honours year). The admission decision will be notified in early January.

3. Financial Support

School’s scholarship

There will be faculty funded scholarships available. Further information regarding the amount of scholarships and the application form will be made available in the school’s web site (http://banking.web.unsw.edu.au/honours).

Other scholarships

Students who are accepted into the honours program are eligible to apply for scholarships provided by the Capital Market Collaborative Research
Centre (CMCRC) or other industry bodies. The scholarships are open to honours students in all Australian universities and are awarded on the basis of merit. Students who are awarded school’s scholarships are not prevented from applying for the CMCRC scholarships. Information on CMCRC scholarships can be found at http://www.cmcrc.com/.

Casual Teaching

A number of qualified honours students will be employed as casual tutors in the school.

4. Course Work

Session 1 of year 3

FIN S3775 Research Methods in Finance 1

Session 1 of fourth year

3 courses are compulsory
FIN S4774 Financial Decision Making Under Uncertainty
FIN S4776 Advanced Topics in Asset Pricing
FIN S4779 Research Methods in Finance 2

Plus one elective from
FIN S4777 Advanced Topics in Corporate Finance
FIN S4778 Recent Developments in Banking Research
FIN S4781 Special Topics in Finance

Session 2

FIN S4795 Thesis (Finance)

5. Thesis

The thesis requirements are:

(a) It is to be written on an approved topic (see below).
(b) Its length is to be between 10,000 and 15,000 words, including appendices and footnotes, but excluding tables and bibliographies.

(c) A research proposal must be submitted by the last week of April 2004, to the approved supervisor, with a copy to the Director of Undergraduate Honours Program, A/Prof. Suk-Joong Kim (QUAD 3061, ext 4278, email s.kim@unsw.edu.au). For details on the content of a research proposal see p. 8 of R.C. Olsson (1985) ‘Guidelines for the Preparation of a Thesis’ can be obtained at the following URL: (http://banking.web.unsw.edu.au/honours/ThesisGuide.pdf).

(d) A project seminar will be held in the first (and second, if necessary) week of May 2004 and each student will present their research proposal for comments and discussions before other students and staff.

(e) By the end of second week of session 2, each student must provide A/Prof. Suk-Joong Kim with a written report on the progress with his/her thesis to that time, together with a timetable outlining dates for completing drafts of each of the chapters.

(f) Completed drafts of each chapter must be submitted to the supervisor for comments and suggestions for revision. It is expected that you report to and consult with your supervisor/s about the progress of your thesis on at lease a fortnightly basis.

(g) Final drafts of thesis must be completed (typed) and submitted to your supervisor no later than last week of October 2004.

(h) A seminar may be held during the first week of November 2004 and each student will be required to present a synopsis of the thesis for final comments and suggestions from other students and staff.

(i) Two hardbound copies of completed thesis must be lodged with A/Prof. Suk-Joong Kim by the end of second week in November 2004.
Schedule

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<tr>
<th>Date</th>
<th>Action</th>
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<tr>
<td>Friday of week 2, session 1</td>
<td>Submission of names of supervisors and topic areas</td>
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<tr>
<td>Last Friday of April</td>
<td>Submission of thesis proposals approved by supervisors</td>
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<tr>
<td>First week of May</td>
<td>Presentation of thesis proposals</td>
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<tr>
<td>Second week of Session 2</td>
<td>Submission of progress reports and timetables</td>
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<tr>
<td>Last week of October, session 2</td>
<td>Submission of completed drafts of theses</td>
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<td>Submission of two hard-bound copies of theses</td>
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All submissions are made to the Honours Director.

6. Topics and Supervisors

The research interests of academic staff are listed in Section V. Honours students should discuss possible topics with at least one member of the academic staff (lecturers and above) of the School of Banking and Finance, and ascertain their availability to supervise. Students are encouraged to read honours theses completed in previous years (copies are available in the school’s office). A thesis proposal must be submitted to the Honours Director in late April and presented to staff for discussion. Any major change in a topic must be approved by the Honours Director after discussion with the supervisor.

7. Data available

Global economic and financial data: Datastream, SIRCA
Australian company and market data: UBS-Warburg, SIRCA
US company and market data: CRSP, CompuStat, TAQ

8. Penalty for non-compliance

Failure to comply with the thesis's formal requirements will result in a penalty in terms of marks awarded for the thesis. The university rules for special consideration apply to the thesis. The award of honours degree will be withheld until the hardbound copies of your completed thesis have been lodged with the Honours Director.
9. **Award of honours**

A weighted-average mark will be calculated for each student at the end of the honours year. The weights for the four courses are 12.5% each. The weight for the thesis is 50%. The degree is awarded with the following honours classes according to the weighted average mark achieved:

- **First Class Honours**: 85 HD and above
- **Second Class Upper Division**: 75 – 84 DN
- **Second Class Lower Division**: 65 – 74 CR
- **Third Class**: 55 - 64 PS

To qualify for the award of the University Medal, a prize reserved for our most outstanding students, it is necessary to have a weighted-average mark of at least 90 and no failures recorded in your degree. The UNSW University Medal Committee determines this award upon recommendation from the Faculty of Commerce and Economics.

10. **Staff research interests and contact details**

The figures in parentheses are the room numbers and the last four digits of the telephone number. All telephone numbers commence with 9385.

**Professor Philip Brown**: Financial accounting, market microstructure.

**Professor Douglas Foster (Quad 3061, Ext 7313)**: The use of information-based techniques to solve problems in market design, trading systems, investment banking, corporate finance, and risk management.

**Professor Fariborz Moshirian (Quad 3064, Ext 5859)**: International financial services, international investments, intra-industry trade in financial services.

**Professor Ian Sharpe (Quad 3038, Ext 5856)**: Financial institution risk and regulation, determinants of debt contract terms, bank loan contract terms, underwriting in debt markets, efficiency of financial institutions.

**Professor Peter Swan (Quad 3042, Ext 5871)**: Executive compensation, corporate governance, asset pricing and liquidity, market microstructure.

**Professor Terry Walter (Quad 3037, Ext 5858)**: IPOs, Market Efficiency, Microstructure, Ownership Structure (CHESS) and Firm Performance, Behavioural Finance.
A/Prof. Ram Bhar (Quad 3056A, Ext 4930): Stochastic volatility, contagion in financial crises.

A/Prof. Suk-Joong Kim (Quad 3061, Ext 4278): Central bank intervention in foreign exchange market, exchange rate modeling, exchange rate volatility, international market linkages.

A/Prof. Toan Pham (Quad 3053, Ext 5869): Term structure of interest rates. Derivative securities. International corporate leverage. Mergers and acquisitions. Capital structure and dividend distribution decisions.

A/Prof. Ah-Boon Sim (Quad 3043, Ext 5868): Financial Econometrics, term structure modeling, interest rates, risk measurement and management.

Dr. David Colwell (Quad 3065, Ext 5851): Empirical work related to the pricing and hedging of derivatives, exotic derivatives, interest rate derivatives, particularly under alternative stochastic processes.


Dr. David Gallagher (Quad 3031B, Ext 4291): Managed funds, performance measurement, trading strategies, investment management, index construction, managers’ compensation and incentives.

Dr. Ron Guido (Quad 3063, Ext 5862): Investments.

Dr. Thomas Henker (Quad 3060, Ext 5854): Market microstructure, derivatives, alternative investments (CTA’s, hedged funds, etc.), and international finance.

Dr. Vince Hooper (Quad 3023B, Ext 5984): Multinational/international finance.

Dr. Donghui Li (Quad 3046, Ext 5873): International investments, insurance, corporate finance.

Dr. Sian Owen (Quad 3057, Ext 4411): Corporate Finance.

Dr. Peter Pham: Corporate Finance, IPO’s.
Dr. Ronan Powell (Quad 3022, Ext 4925): Takeovers (mergers and acquisitions).

Dr. Jonathan Reeves (Quad 3068, Ext 5874): Financial econometrics, risk management.

Dr. Jo-Ann Suchard (Quad 3063, Ext 5876): Capital raising in listed markets (IPO’s and seasoned issues). Corporate governance.


Dr. Derek White (Quad 3071, Ext 5850): Innovations in interest risk management. Management of international bond portfolio’s risk.


Dr. Alfred Yawson (Quad 3067, Ext 4900): Corporate Finance, Corporate restructuring, Takeovers, Divestures, Bankruptcies, Top management changes.

Dr. Henry Yip (Quad 3062, Ext 5870): options/market microstructure.
STATEMENT OF INTEREST FOR FOURTH YEAR HONOURS STUDENTS

Name: 
Telephone: 
Email: 
Address:

Are you interested in a scholarship? If yes, please read the Faculty of Commerce and Economics Handbook and direct your query to the Scholarship Unit at the university student centre NewSouth Q in the Chancellery Building.

Are you interested in a part-time Research Assistantship? (Yes/No) If yes, please attach a copy of your resume and write a brief description of your research interest.

Are you available during the following months:
    January 2004? (Yes/No)
    February 2004? (Yes/No)

Are you interested in a part-time tutorship? (Yes/No) If yes, please attach a copy of your resume, write a brief description of your strengths and weaknesses among the finance courses.

Are you interested in casual marking? (Yes/No) If yes, which courses?

Are you interested in casual laboratory demonstration/supervision? (Yes/No) If yes, what computing skills (Excel, Shazam, etc) do you have?

(To be completed and returned by November 28, 2003 to Shirley Webster, QUAD 3033, Fax: 9385-6347, Email: s.webster@unsw.edu.au)
FOR FURTHER INFORMATION CONTACT

School of Banking and Finance  
Faculty of Commerce and Economics  
University of New South Wales  
UNSW Sydney NSW 2052 Australia

Telephone: 612-9385 5867  
Facsimile: 612-9385 6347  
E-mail: bankfin@unsw.edu.au

Or visit the web site at: http://banking.web.unsw.edu.au

For general information on the degrees offered by the Faculty of Commerce and Economics contact:

The Student Centre  
Faculty of Commerce and Economics  
University of New South Wales  
UNSW Sydney NSW 2052 Australia

Telephone: 612-9385 3187  
612-9385 3189  
Facsimile: 612-9313 7767  
E-mail: ceinfo@unsw.edu.au

Or visit the web site at: http://www.fce.unsw.edu.au

For international students:

The Student's Centre  
International Office  
UNSW Sydney NSW 2052  
Telephone: 612-9385 6996  
Facsimile: 612-9385 7382  
E-mail: internationaloffice@unsw.edu.au

Or visit the web site at: www.international.unsw.edu.au