

THE UNIVERSITY OF NEW SOUTH WALES



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NEW SOUTH WALES



SCHOOL OF
BANKING AND FINANCE

**Information for
Fourth-Year Honours
Students
in 2006**

in

**Banking
and
Finance**

**SCHOOL OF BANKING AND FINANCE
THE UNIVERSITY OF NEW SOUTH WALES**

INFORMATION FOR FOURTH-YEAR HONOURS STUDENTS IN 2006

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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 some of the 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.

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 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. John continuously takes up new challenges. As part of the BCG program, he worked in Chicago for a hedge fund on secondment. He worked for "Citadel Investment Group"—one of the largest and arguably most successful hedge funds in the world. His role was 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 was one of the few studies in the foreign exchange literature that examines the information content of trades by different participants. Through careful econometric analyses, he presented 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 was awarded the University Medal. Andrew's success in his honours study, and in his thesis in particular, was the result of hard work and perseverance. He started his thesis earlier than most others, stayed focused and was undeterred by several major hurdles from data acquisition and quality to econometric analyses.

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

Case 3: David Jacobs, First Class Honours with University Medal, 2003

David Jacobs excelled throughout his honours year and topped his class of 16 students in the thesis and overall honours assessment. His thesis topic was on the efficacy of the foreign exchange market intervention by the Reserve Bank of Australia. His thesis was judged to be of highest quality amongst his peers and attracted one of the highest marks awarded in the school's history. He was awarded with the University Medal for his efforts. The contributing factors of his success include amongst others: diligence, persistence, solid quantitative training prior to the honours year, and hard work.

David works at the domestic markets department of the Reserve Bank of Australia.

Case 4: Udara Peiris, First Class Honours and a scholarship to Oxford

Udara obtained first class honours in Finance and a major in Actuarial Studies. He was awarded a full scholarship to the University of Oxford, where he will do a Master of Financial Economics degree and then a doctorate at the Said Business School. Udara commented that he was thrilled to even get there and to get a scholarship was a double honour. The course is meant for professionals who have worked a few years in banking and so on, so coming straight out of university and getting a scholarship was great. Udara was one of only 100 students from around the world to receive a Clarendon Scholarship in 2004/5.

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. Further information may be found at

<http://www.unsw.edu.au/futureStudents/undergrad/sad/entryreq.html#Honours>

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)
- a copy of your CV and academic transcript,
- and other supporting documents (e.g. awards, research papers), if any.

Applicants can contact Shirley at 02-9385-5855 for Q&As. The deadline for application is November 30. Applicants should submit an academic transcript for S2, 2005 as soon as it is available.

The *baseline requirements* for admission to the honours program are

- (i) the applicant has never failed any (FINS and non-FINS) 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 and should not have a grade below 65 in any of the FINS 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

There will be faculty funded scholarships available. Further information regarding the amount of scholarships and the application form will be made available in the Faculty's web site (http://www2.fce.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritableArea&maxWnd=_Future_UG_Honours).

University Scholarship

Various scholarships are available for 2006. More information is available from the scholarship's office (<http://www.scholarships.unsw.edu.au/98calts3.htm#UGRDHonsFaculty>).

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/scholarships/Honours_sch/index.html

Casual Teaching

A number of qualified honours students may be employed as casual tutors in the school. A formal application is required. Further information will be posted on the honours web site.

4. Course Work

Session 1 of year 3

FINS3775 Research Methods in Finance 1

Session 1 of fourth year (subject to minor adjustment)

3 courses are compulsory

FINS4774 Financial Decision Making Under Uncertainty

FINS4776 Advanced Topics in Asset Pricing

FINS4779 Research Methods in Finance 2

Plus one elective from

FINS4777 Advanced Topics in Corporate Finance

FINS4781 Special Topics in Finance

The four courses contribute 50% towards the honours grade (each course is worth 12.5%)

Session 2

FINS4795 Thesis (Finance)

The thesis is worth 50% of the total mark.

5. Thesis

The thesis requirements are:

- (a) It is to be written on an approved topic (see below).
- (b) Its length is to be no more than 100 pages including all its components (main text, tables, figures, appendices, etc.) but not including references. A document with style requirement is available online.
- (c) A research proposal must be submitted by the last week of April 2006, to the approved supervisor, with a copy to the Director of Undergraduate Honours Program.
- (d) A project seminar will be held in the first (and second, if necessary) week/s of May 2006 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 the Honours director with a written report on the progress of 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 Honours students report to and consult with their supervisor/s about the progress of their thesis on at least a fortnightly basis.

- (g) Final drafts of thesis must be completed (typed) and submitted to the supervisor no later than last week of October 2006.
- (h) A seminar will be held during the first week of November 2006 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 soft bound copies of completed thesis must be lodged with the honours director by the end of second week in November 2006. These will be sent to examiners. Two hard bound copies (no changes from the soft bound versions are allowed) must be submitted within a week.

Schedule

Date	Action
Friday of week 2, session 1	Submission of names of supervisors and topic areas
Last Friday of April	Submission of thesis proposals approved by supervisors
First week of May	Presentation of thesis proposals
Second week of Session 2	Submission of progress reports and timetables
Last week of October,	Submission of completed drafts of thesis
Second week of November, session 2	Submission of two soft-bound copies of thesis – for grading
Third week of November, session 2	Submission of two hard-bound copies of thesis – for storage

All submissions are made to the Honours Director.

6. Topics and Supervisors

The topic choice is up to you, BUT you have to find a supervisor willing to supervise that topic! The research interests of academic staff are listed in Section 10. Honours students should discuss possible topics with at least one member of the academic staff (lecturers and above) in 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.

Broadly speaking our staff cover the following finance areas in terms of research:

1. Corporate finance (e.g. IPO's and takeovers)
2. International Finance (e.g. exchange rate modeling)
3. Banking (e.g. contract features of term loans or public debt issues, risk and regulation of financial institutions)
4. Market microstructure (e.g. exchange design, the relative merits of competing trading mechanisms, determinants of the bid-ask spread)
5. Funds management (e.g. evaluating (mutual) funds based on different performance measures, trading strategies, international investments)
6. Financial econometrics (e.g. forecasting asset price volatility)

7. Option pricing
8. Risk management
(See school's web site for research interests of staff)
(http://banking.web.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritanceArea&maxWnd=_Research_ResearchAreas)

How to find a topic

1. Determine the area you are interested in, through reading journal articles (just focus on the abstract, and possibly the introduction and conclusion).
2. For the area you are interested in, do some serious reading to get a good picture of the existing literature (and to see if you still like it).
3. Try to find a niche in that literature (you are supposed to contribute to the literature, the best outcome would be a publication) and speak to potential supervisors about your proposed topic. OR
4. Talk to potential supervisors about your area of interest, and see if they have any specific topic you are interested in. You could also 'fish' for supervisor topics after step 1 above, and see if you are interested in such a topic. You should get some reading material or references from the potential supervisor to see if you like the topic/area.
5. Check out the viability of the topic: Are the necessary data available? Can the project be completed on time? If not, go back to step 3 or 4, or in the worst case, go back to 1 or 2 (especially keep data availability in mind before spending too much time on any proposal!).

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

(http://www2.banking.unsw.edu.au/nps/servlet/portalservice?GI_ID=System.LoggedOutInheritableArea&maxWnd= Research_ResearchAreas)

Or navigate to the research area of staff from the main page of the school

<http://www.banking.unsw.edu.au>

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

Professor Les Balzer (Quad 3025, Ext 57931):

- Investment risk and utility
- Optimal portfolio construction involving
- Downside risk measures
- Multiple objectives
- Multiple time periods
- Optimal execution & transition management in equity markets
- Hedge funds
- Return drivers & risk factors
- Optimal asset allocation to hedge funds
- Manager selection & funds of hedge funds
- Application of dynamic systems & control theory to investment

Associate Professor Ram Bhar (Quad 3056A, Ext 54930):

- Research Fields:
- Quantitative Finance
- Advanced Econometrics
- Computational Issues
- Current Research Interests:
- Hidden Markov Models
- Estimation of Stochastic Volatility Models
- State Space Models with Markov Switching
- Non-fundamental Component of Asset Price
- Dynamic Bayesian Algorithm
- Portfolio Flows and Its Impact on Asset Prices
- Independent Component Analysis for Factor Models

Professor Philip Brown (QUAD 3121, 56109):

- Disposition effect
- Stock price clustering
- Accuracy and bias in security analysts' earnings and dividend forecasts

Mr Zhian Chen (Quad 3051, Ext 55878):

- Corporate governance
- Market microstructure
- Chinese equity markets

Dr David Colwell (Quad 3065, Ext 55851):

Quantitative finance
Derivative securities
Fixed income securities and interest rate derivatives
Financial applications of Stochastic Calculus

Mr Vic Edwards (Quad 3047, Ext 55860) :

Payment cards and payment systems
Financial management of financial institutions
Credit monitoring systems

Associate Professor John Evans (Quad 3061A, Ext 54924):

Reliability of forward predictions for capital markets
Analysis of securitization market in Australia

Associate Professor David Feldman (QUAD 3055, Ext 55748):

Finance theory
Continuous time models
Mortgage default models
Index construction

Dr Kingsley Fong (Quad 3024, Ext 54932):

Market microstructure
Valuation and behavioural finance
Investment strategies
Investment funds performance measurement, benchmarking and evaluation

Professor Douglas Foster (Quad 3061, Ext 57313):

Asset pricing
Information economics
Market design
Risk management

Associate Professor David Gallagher (Quad3031B, Ext 54291):

Investment management
Performance measurement
Portfolio configuration and trading strategies
Risk management
Corporate governance and incentive arrangements
Market microstructure
Behavioural finance

Ms Julia Henker (Quad 3058, Ext 55854):

Behavioural finance and asset pricing
Characteristics of individual investor trading
Individual investor impact on market prices

Dr Thomas Henker (Quad 3060, Ext 55854):

Market microstructure
Alternative investment instruments

Dr Vince Hooper (Quad 3023B, Ext 55984):

Emerging Capital Markets

Associate Professor Suk-Joong Kim (Quad 3061, Ext 54278):

International finance
Foreign exchange intervention
International financial market linkages
Determinants of international capital flows

Professor Robert Kohn (QUAD 3075, Ext 52150):

Bayesian methodology
Variable selection and model averaging; Nonparametric regression models
Time series modeling
Multivariate Gaussian and non-Gaussian regression
Markov chain Monte Carlo simulation algorithms

Dr Donghui Li (Quad 3046, Ext 55873):

Firm bankruptcy
Investment banking
International finance
Risk and insurance
Initial public offerings
Chinese capital market
Mergers and acquisitions (M&As)
Managerial compensation
Diversification and globalisation
Institutional shareholding and firm value
Chinese and Australian Corporate Governance

Dr Raymond Liu (Quad 3050, Ext 55852):

Market Microstructure
Political economy

Professor Fariborz Moshirian (Quad 3064, Ext 55859):

International finance
Multinational financial management
Asian financial markets

Dr Pascal Nguyen (Quad 3071, Ext 55773):

Quantitative Finance
Asset allocation and risk management
Corporate financial decisions

Dr Sian Owen (Quad 3057, Ext 54412):

Mergers and acquisitions
IPO's
Behavioural finance

Dr Jerry Parwada (Quad 3049, Ext 57936):

Managed funds
Superannuation funds
Investor behaviour
Emerging financial markets

Dr Peter Pham (Quad 3040, Ext 55952):

Corporate governance
Ownership structure
Initial Public offerings

Associate Professor Toan Pham (Quad 3053, Ext 55869):

Corporate finance

Term structure of interest rates
Derivative securities
International corporate leverage
Dividend policy, mergers and acquisitions
Vietnamese banking and financial system

Dr Ronan Powell (Quad 3022, Ext 54925):

Takeovers and other forms of corporate restructuring
Corporate governance and agency theory
Economic aspects of accounting and valuation
Corporate cash holdings
Capital structure and information asymmetry

Dr Jonathan Reeves (Quad 3068, Ext 55874):

Empirical finance
Financial econometrics
Value at risk
Asset pricing
International Finance

Emeritus Professor Ian Sharpe (Quad 3038, Ext 55856):

Banking and bank regulation
Corporate finance
Determinants of loan/bond contract terms
Efficiency of financial institutions
Debt structure of Asian firms & Asian banking

Associate Professor Ah-Boon Sim (Quad 3043, Ext 55868):

Financial econometrics
International finance
Portfolio management
Risk management
Term structure of interest rates
Time series models

Dr Jo-Ann Suchard (Quad 3063, Ext 55876):

Capital raising : IPOs, SEOs, venture capital
Corporate governance

Professor Peter Swan (Quad 3042, Ext 55871):

Asset pricing
Corporate governance
Executive compensation
Market microstructure

Dr Kathy Walsh (Quad 3031A, Ext 55884):

Asset Pricing
Bayesian Analysis
Regime Switching

Professor Terry Walter (Quad 3037, Ext 55858):

Empirical tests of finance theory as it relates to the behaviour of capital markets
Market microstructure
Takeovers and mergers and initial public offers
Anomalies in empirical capital market evidence
Behavioural finance
Performance of mutual funds

Dr Jian-Xin Wang (Quad 3074, Ext 55863):

Trading mechanisms and price discovery in financial markets
Asian emerging capital markets

Dr Kathryn Wong (Quad 3041, Ext 57886):

Role of trading participants in the capital markets
Initial public offerings
Market microstructure
Empirical analysis of capital market anomalies
Securities market regulation
Behavioural finance

Dr Eliza Wu (Quad 3060, Ext 55984):

Financial market integration
International financial market dynamics and linkages

Dr Li Yang (Quad 3059, Ext 55857):

Futures trading and hedging
Contract design and its effects on the underlying markets
Option valuation
Risk management

Dr Alfred Yawson (Quad 3067, Ext 54900):

Corporate restructuring, takeovers, divestitures and bankruptcies
Corporate Governance

Dr Henry Yip (Quad 3062, Ext 55870):

Bid-ask spreads
Causality

Dr Jason Zein (Quad 3039, Ext 55875):

International finance
International banking
Corporate finance
Forecasting volatility in financial markets

FOR FURTHER INFORMATION CONTACT

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Or visit the web site at: <http://www.banking.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

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The University reserves the right to make alterations to any matter contained in this publication without notice. Information is accurate as at January 2006, but may be amended without notice by the University.

The University of New South Wales
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