Course Description. The development, operation, and regulation of technological systems shape modern financial markets. These systems are developed and overseen by market centers, clearing organizations, and other market infrastructure organizations, as well as sell-side financial firms, institutional investors and other buy-side participants, corporations, technology providers, and public and private regulators. Market controls, technological development, and regulation shape this system individually and interactively. This course examines the central features of technology in financial markets and how market and regulatory controls and social and behavioral conditions produce and interact with them. Prerequisite: prior coursework in study of regulation and/or finance highly recommended.

Office Hours: I would be pleased to set up meetings with you most days of the week depending jointly on our schedules, including on the uptown campus. I have a class on the uptown campus 10:15-11:35 on Tuesdays and Thursdays and so can schedule meetings with you prior to or after that class if it would be helpful. I also can be contacted on email continuously.

Books and Other Materials Assigned. I ordered the following books at the University Bookstore. All books also are available on Amazon, probably on discount. The books are available in paperback, and you must have the paperback editions of Fool’s Gold and A Demon of Our Own Design because they are updated from the hardcover editions.

   Richard Bookstaber, A Demon of Our Own Design: Markets, Hedge Funds, and the Perils of Financial Innovation (John Wiley & Sons; you need the paperback edition which was published in 2008).

   Peter Kovac, Flash Boys: Not So Fast: An Insider’s Perspective on High-Frequency Trading (Directissima Press, 2014)


   Gillian Tett, Fool’s Gold: How the Bold Dream of a Small Tribe at J.P. Morgan Was Corrupted by Wall Street Greed and Unleashed a Catastrophe (Simon & Schuster; you need the paperback edition which was published in 2008).

Other required materials noted in the syllabus are posted or linked on Blackboard.

Grading System

The course grade will be based on weekly 15-minute examinations and class participation.

Weekly Written Examinations (84 points)

Beginning on January 27, at the start of each class session, you will write an answer to a question based on the readings assigned for that week. You may not use an electronic device, books, or notes for these answers, and you should bring paper and a pen or pencil for your answers. These answers will take up the first 15 minutes of the class. The purpose of the question is for you to demonstrate your review of the readings and to give me an ongoing sense of your work. The questions will not assess your deep understanding of the issues in the readings—the classes will go over the readings—but rather assess your awareness of their basic themes. The questions will focus on the materials assigned for the week but may draw on
materials covered earlier in the semester. There will be no make-ups for these short examinations unless you miss the session for documented circumstances justifying an absence under University policies. The examinations also will be at the beginning of the class, so arriving late to the class, in addition to diminishing your grade for participation (see below), likely will reduce your performance on the weekly examination.

Each of the fourteen questions will count for 6 points of the numerical total in the class, for a total of 84 points.

**Active and Effective Engagement in the Class (20 points)**

Twenty points of the numerical total will be based on the extent to which you ask and respond to questions in ways informed by close attention to the readings. Active and effective participation in the course means participation, informed by knowledge of the readings and other materials, in class discussions. It requires more than simply coming to class and it does not mean an effort to dominate class discussion. If you find yourself saying something every 5 minutes that is going over the edge of effective class participation, and hardly ever responding to questions during class discussions falls short of effective class participation.

You should abide by basic norms of appropriate social conduct in classes, just as you would in other types of professional meetings. A minimum requirement for any credit in the class participation component is that you are there and focused on the class. I will mark you as absent for the class if you miss the class or leave the class early. You should not use electronic devices like laptops, smartphones or tablets except for those used to take notes or, if the format permits, the examinations. If I believe that you are sending or checking messages, browsing the web, reading unrelated materials, sleeping, talking with others beyond the point of brief exchanges, or otherwise conveying that it is not worth your time to be in class, I will mark you as absent for that session. Four absences during the semester will mean that you receive little if any credit for the class participation component.

**Meaning of Grades.** As noted above, there is a total of 104 points available for grades in this course—84 points from the exams (14 exams with a maximum of 6 points each) and 20 points for engagement in the class. A grade of A for the exams, class engagement, and overall course reflects highly successful effort to deal with the course material. A grade of B reflects good, comprehensive work with the assigned material. A grade of C reflects knowledge of much of the material, but weak preparation of a substantial share of it. A grade of less than C reflects major gaps in knowledge or persistent lack of performance in the various aspects of the course. The grade scale used is

- 92 and above (A)
- 88-91 (A-)
- 85-87 (B+)
- 80-84 (B)
- 77-79 (B-)
- 74-76 (C+)
- 70-73 (C)
- 67-69 (C-)
- 64-66 (D+)
- 60-63 (D)
- 57-59 (D-)
- Less than 57 is an E.

Students enrolled in the graduate section of the class (PAD/ACC536) need to earn C or better for the class to earn academic credit. Although the same grade scale is used for those enrolled...
as undergraduate and graduate students, the grading standards for graduate work are higher, as appropriate for graduate-level work and credit.

Reading Assignments

January 27: Tett, pp. 72-142.
February 3: Tett, pp. 143-213.
February 17: Patterson, *Dark Pools*, pp. 1-83.
February 24: Patterson, pp. 84-169.
March 2: Patterson, pp. 170-245.
March 16: University class suspension.
March 30: Kovac, chapters 3 and 4.
April 6: Kovac, Chapter 5 through “Summing It Up.”
April 13: Richard Bookstaber, *A Demon of Our Own Design*, Preface through Chapter 4 (pp. ix-76).
April 20: Bookstaber, chapters 5-8 (pp. 77-164).
April 27: Bookstaber, Chapter 9 through Conclusion (pp. 165-260).
May 4: Assignment to be determined.