Market microstructure and asset pricing  
(a cemmap / ELSE masterclass)  
5 - 6 May 2011, UCL (London)

PROGRAMME

Day 1: Thursday 5 May 2011

10:30 - 11:00 Coffee and registration
11:00 - 12:30 Asset market structure and rational expectations equilibrium
12:30 - 13:30 Lunch
13:30 - 15:00 Basic theoretical market microstructure models
15:00 - 15:30 Coffee
15:30 - 17:00 Empirical implementation of market microstructure models

Day 2: Friday 6 May 2011

09:15 - 09:30 Coffee
09:30 - 11:00 Information and the cost of capital
11:00 - 11:30 Coffee
11:30 - 13:00 Ambiguity and asset pricing
13:00 - 14:00 Lunch
14:00 - 15:30 The high frequency world
Course Objective

This is a doctoral level seminar in finance designed to acquaint students and faculty with the research in the area of market microstructure. Microstructure is a huge area, and so we will focus on only a few of the many important issues in the current literature. The course will look at both theoretical and empirical issues. Because information issues are fundamental to many of the issues covered, this course should be of interest to students in Finance, Economics, and Accounting. This course is structured to introduce participants to interesting research problems in the securities markets.

Useful Books

O'Hara, M., Market Microstructure, Theory (Blackwell: 1995)

Session Schedule (approximately)

1. Introduction to Market Making: How Markets Work


2. Introduction to Microstructure Models

Additional reading if you are interested:


3. Implementation of Microstructure models – asset pricing

Additional readings if you are interested:


4. Information and the Cost of Capital

Additional readings if you are interested:


5. Ambiguity in Markets


Additional readings if you are interested:


6. The High Frequency World


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