



1. General Information

Course Subject	FINA
Course Number	3382
Course Title	Structured Finance and Securitization
Academic Years	2024-2025
Grading Method	Letter

2. Instructors

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Subclasses: 2A

4. Course Description

Course Description	Structured finance refers to more sophisticated, complex financial transactions. Securitization as the dominant form of transaction, structure finance is an important tool in today's financial markets. This course is designed to provide a broad, comprehensive introduction to structured finance and securitization. The following topics will be covered: (a) building blocks of structured finance, (b) mechanics of securitization and various securitized products, especially CDOs and MBS, (c) structured notes, (d) lease financing and project financing, and (e) fundamentals of structured finance modeling using Microsoft Excel.
Prerequisites	FINA2322 Derivatives or STAT3905 Introduction to financial derivatives, and FINA2320 Investments and Portfolio Analysis or STAT3609 The Statistics of Investment Risk
Free Elective	Yes

5. Course Objectives

1. To help students develop a solid understanding of structured finance and securitization.
2. To provide students with concepts and methods that are used in practice, for example, SPV, ABS, CDOs, CLNs, and synthetics.
3. To help students understand the role of structured finance and securitization in the 2007-08 financial crisis.

6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

6. Faculty Learning Goals

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

7. Course Learning Outcomes

Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Describe and interpret the features and characteristics of structured finance instruments.	✓		✓		✓	
CLO2. Understand the mechanics of a securitization transaction, including the roles of the major participants.	✓		✓		✓	✓
CLO3. Identify the use of and the risks in structured finance instruments.	✓	✓		✓	✓	
CLO4. Use Microsoft Excel to model structured finance cash flows.	✓	✓				
CLO5. Be able to communicate with others on various issues of structured finance and securitization and discuss current market trends.		✓	✓	✓	✓	✓

8. Course Teaching and Learning Activities

Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lectures	36	29
T&L2. Assignments	24	19.4
T&L3. Group project	24	19.4
T&L4. Self-study	40	32.2
	Total: 124	Total: 100

9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Attendance and Participation	Class attendance and active participation in discussion are expected for all students.	5%	1,2,3,4,5
A2. Assignments	There are three individual homework assignments which are designed to help students review basic concepts and to practice applying the concepts. No late submission of assignment will be accepted.	20%	1,2,3,4,5
A3. Group Project	Students will work on a project in a group with 2 or 3 students. They are expected to apply what they learn in class to the real financial activities. Each group will do oral presentation and submit final report at the end of the semester. Students will be asked to do peer review at the end to reduce free-riding problem. Go to the course Moodle page for details.	20%	1,2,3,4,5

9. Assessment Methods

A4. Mid-term Examination	There will be a mid-term exam to test students' breadth and depth of the understanding of the major concepts covered and students' ability to integrate and apply this knowledge. No make-up midterm examination will be given. Students missing the midterm exam will receive 0 unless they obtain approval from instructor with convincing reasons and evidence prior to the exam. Approved students who have missed the midterm will have 90% of their final exam score as the midterm exam score.	20%	1,2,3,5
A5. Final Exam	There will be a comprehensive final exam to test students' breadth and depth of the understanding of the major concepts covered in the course and students' ability to integrate and apply this knowledge.	35%	1,2,3,4,5

Assessment Rubrics

A1. Attendance and Participation	
A+,A,A-	Extremely well prepared for class discussion, very active in sharing views and attended almost all lectures and tutorials.
B+,B,B-	Partially prepared for class discussion, quite active in sharing views and attended most of the lectures and tutorials.
C+,C,C-	Not well prepared for class discussion, limited active in sharing views and attended many of the lectures and tutorials.
D+,D	Not well prepared for class discussion, no sharing of views and attended some of the lectures and tutorials.
F	Poorly prepared for class discussion and no sharing of views and experience and rarely attended lectures and tutorials.
A2. Assignments	
A+,A,A-	Submitted all homework with excellent accuracy.
B+,B,B-	Submitted well written homework with good accuracy.
C+,C,C-	Submitted homework with fair level accuracy.
D+,D	Submitted homework with limited accuracy.
F	Poorly written homework or no submission.
A3. Group Project	
A+,A,A-	Demonstrated a clear understanding of and the ability to apply the theory, concepts and issues relating to the topic. Clearly identified the most critical aspects of the task and adopted a critical perspective. Developed excellent argument and offered a logically consistent and well-articulated analysis and insight into the subject. Drew widely from the academic literature and elsewhere whilst maintaining relevance. All aspects conformed to a high academic / professional standard.
B+,B,B-	Demonstrated a good understanding and some application of the theory and issues relating to the topic. Identified critical aspects of the task and adopted a critical perspective. Showed some evidence of analysis, supported by logical argument and insight into the subject. Drew on relevant academic and other material. Most aspects conformed

Assessment Rubrics	
	to a high academic / professional standard.
C+,C,C-	Demonstrated a good understanding of the theory, concepts and issues relating to the topic but limited application relating to the topic. Some presented argument showed some insight but not always consistent and logical. Drew upon an adequate range of academic and other material. Most aspects conformed to an acceptable academic / professional standard.
D+,D	Demonstrated mainly description, showing basic understanding of the topic but no application. Showed little evidence of analysis but no clear and logical argument relating to the subject. Drew primarily upon course materials. Limited aspects conformed to academic / professional standards.
F	Basic aspects were superficial, inadequate or absent. Demonstrated limited understanding of the topic and drew conclusions unrelated to the topic. The written work was not of an academic / professional standard.
A4. Mid-term Examination	Midterm exam may include three types of questions: multiple choice, calculation problems, and essay questions. Multiple choice and calculation problems are graded according to the marks assigned to each question. Essay questions are graded according to the following criteria:
A+,A,A-	Idea development is insightful and sophisticated; Supporting evidence is convincing, accurate and detailed. Well written with clear focus.
B+,B,B-	Idea development is clear and thoughtful; Supporting evidence is sufficient and accurate. Well written.
C+,C,C-	Idea development is simplistic and lacking in relevance; Supporting evidence insufficient but accurate. Somewhat well written.
D+,D	Idea development is superficial and ineffective; Supporting evidence is insufficient and inaccurate. Writing is unclear.
F	Idea development is absent; Supporting evidence is vague or missing. Poorly written.
A5. Final Exam	Final exam may include three types of questions: multiple choice, calculation problems, and essay questions. Multiple choice and calculation problems are graded according to the marks assigned to each question. Essay questions are graded according to the following criteria:
A+,A,A-	Idea development is insightful and sophisticated; Supporting evidence is convincing, accurate and detailed. Well written with clear focus.
B+,B,B-	Idea development is clear and thoughtful; Supporting evidence is sufficient and accurate. Well written.
C+,C,C-	Idea development is simplistic and lacking in relevance; Supporting evidence insufficient but accurate. Somewhat well written.
D+,D	Idea development is superficial and ineffective; Supporting evidence is insufficient and inaccurate. Writing is unclear.
F	Idea development is absent; Supporting evidence is vague or missing. Poorly written.

10. Course Grade Descriptors	
A+,A,A-	Exhibited high level of understanding of the course materials through excellent performance in class discussion, assignments, group project and exams.
B+,B,B-	Exhibited reasonably high level of understanding of the course materials through good performance in class discussion, assignments, group project and exams.
C+,C,C-	Exhibited fair level of understanding of the course materials.

10. Course Grade Descriptors

D+,D	Exhibited limited level of understanding of the course materials.
F	Exhibited low level of understanding of the course materials.

11. Course Content and Tentative Teaching Schedule

Topic/ Session	Content
	Introduction to structured finance
	Building blocks of structure finance o Interest rate derivatives o Credit derivatives
	Securitization: basic principles of securitization and securitization structure
	Collateralized debt obligations (CDOs) o Fundamentals of CDOs o Cash flow CDOs vs. Synthetic CDOs
	Mortgage-Backed Securities
	Credit-linked notes and structured notes
	Leasing fundamentals and leverage lease
	Project financing
	Model structured finance cash flows with Microsoft Excel

13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in additional to SETL around the end of the semester
✓	Online response via Moodle site
	Others