

PROF. DR. FRANK WESTERHOFF

LEHRSTUHL FÜR VOLKSWIRTSCHAFTSLEHRE,
INSBESONDERE WIRTSCHAFTSPOLITIK
FAKULTÄT FÜR SOZIAL- UND WIRTSCHAFTSWISSENSCHAFTEN
OTTO-FRIEDRICH-UNIVERSITÄT BAMBERG



Lecture: Regulation and Control of Financial Markets

Course Description

In this course, we will discuss the question of how certain regulatory interventions can affect the dynamics of international financial markets. The starting point for our considerations is the observation that the dynamics of international financial markets is largely characterized by interactions between heterogeneous and boundedly rational market participants.

Topics

- 1 International financial markets: Efficiency and dynamics of financial markets - Market participants and investment strategies - Artificial financial markets as a novel analytical tool
- 2 Transaction taxes: Some theoretical and empirical results - Transaction taxes and investor behavior - Interactions between financial markets
- 3 Central bank interventions: Some theoretical and empirical results - Interventions and investor behavior - Interactions between foreign exchange markets
- 4 Trading halts: Some theoretical and empirical results - Trading halts and investor behavior - Trading halts and nonlinear technical analysis
- 5 Price controls: Some theoretical and empirical results - Price limits and lock-in effects - Strategic responses to price controls

Room and time coordinates

Lecture: Thursday, 10:00-12:00, room F21/02.18, start: first week of lectures

Exercise: Thursday, 14:00-16:00, room RZ/01.03, start: first week of lectures

Course Material

Additional documents are posted in the Virtual Campus.

Literature

Surveys: Westerhoff, F. (2008): The use of agent-based financial market models to test the effectiveness of regulatory policies. *Jahrbücher für Nationalökonomie und Statistik*, 228, 195-227.
Westerhoff, F. and Franke, R. (2018): Agent-based models for economic policy design: two illustrative examples. In: Chen, S.-H., Kaboudan, M. and Du, Y.-R. (eds.) *The Oxford Handbook of Computational Economics and Finance*. Oxford University Press, Oxford, 520-558.
Basics: Hommes, C. (2006): Heterogeneous agent models in economics and finance. In: Tesfatsion, L. and Judd, K. (eds.): *Handbook of Computational Economics, Volume 2, Agent-Based Computational Economics*. North-Holland, Amsterdam, 1109-1186.
LeBaron, B. (2006): Agent-based computational finance. In: Tesfatsion, L. and Judd, K. (eds.): *Handbook of Computational Economics, Volume 2, Agent-Based Computational Economics*. North-Holland, Amsterdam, 1187-1233.
Westerhoff, F. (2009): Exchange rate dynamics: A nonlinear survey. In: Rosser, J.B., Jr. (ed): *Handbook of Research on Complexity*. Edward Elgar, Cheltenham, 287-325.