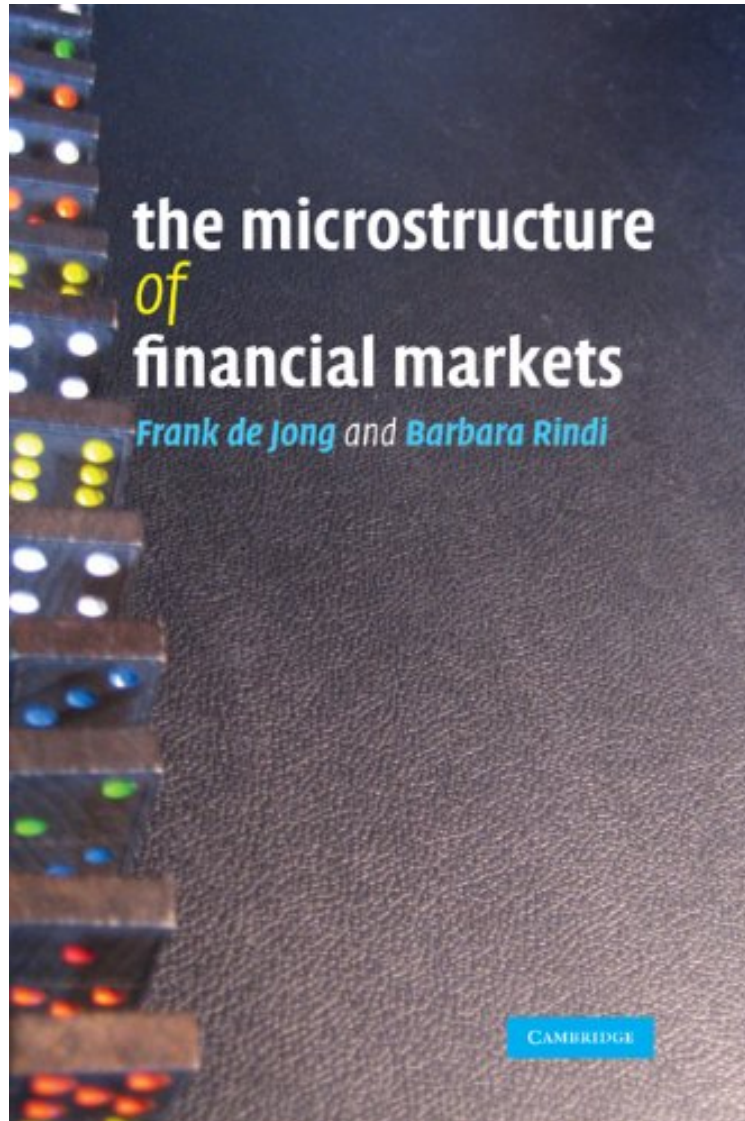


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## The Microstructure of Financial Markets

*Frank de Jong, Barbara Rindi*

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**Frank de Jong, Barbara Rindi : The Microstructure of Financial Markets** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Microstructure of Financial Markets:

3 of 4 people found the following review helpful. A good textbook  
By Peter B. Lerner  
The book by De Jong and Barbara Rindi holds the following unfair preference with respect to my book "Microstructure and noise...", namely that it is 3 times cheaper. But it is also well-written and professionally edited. That's why I assigned it 3 stars while assigning 2 stars to my own book. Microstructure is presented in the book as a disjointed compendium of models and methods without any overriding logic or purpose. But the models are presented in a nice and understandable way. It also contains exercises to each chapter. The book is especially recommended for a graduate course in microstructure

for finance students. While Larry Harris' textbook is unparalleled, the material there is mostly geared towards MBA-level lecture course. De Jong and Rindi's book, however, can structure PhD-level course with some additional material from another good book on the subject, that is by J. Hasbrouck. In short, De Jong and Rindi's book must be on the table of every professor teaching this subject on a sufficiently advanced level. It can also provide valuable insights to an expert through comprehensive and accurate rendering of other people's theories. The main weakness of the book is unclear distinction between authors' and other people results.

The analysis of the microstructure of financial markets has been one of the most important areas of research in finance and has allowed scholars and practitioners alike to have a much more sophisticated understanding of the dynamics of price formation in financial markets. Frank de Jong and Barbara Rindi provide an integrated graduate level textbook treatment of the theory and empirics of the subject, starting with a detailed description of the trading systems on stock exchanges and other markets and then turning to economic theory and asset pricing models. Special attention is paid to models explaining transaction costs, with a treatment of the measurement of these costs and the implications for the return on investment. The final chapters review recent developments in the academic literature. End-of-chapter exercises and downloadable data from the book's companion website provide opportunities to revise and apply models developed in the text.

"Thoughtful, clear and rigorous, this book offers an in-depth unified treatment of market microstructure, combining description of institutions with presentation of analytical models along with empirical methods and results. This comprehensive survey ranges from seminal contributions to latest research. It will be a reference not just for advanced graduate courses in finance and economics but also for scholars and industry practitioners. This is the book we have long needed in order to understand and master the advances in research and trading innovations that have taken place over the last thirty years." - Bruno Biais, Toulouse University

"Frank de Jong and Barbara Rindi present a clear and accessible discussion of market microstructure. They combine a careful explanation of institutional details together with a clear exposition of theoretical models in a manner that will prove very useful to both Ph.D. level students and MBA level students. Their book is particularly timely because market microstructure, like options pricing, has rapidly moved from the research domain of professors into the real world, where competition among exchanges, measurement of transactions costs, and algorithmic trading all require combining the theory of market microstructure with an understanding of how it works in practice." - Albert S Kyle, Smith Chair Professor of Finance, Robert H Smith School of Business, University of Maryland

About the Author Frank de Jong is Professor of Financial Markets and Risk Management at Tilburg University. He is also a senior research fellow and program coordinator at Netspar, an independent network for research and education in the field of pensions, aging and retirement. Barbara Rindi is Associate Professor of Economics at Bocconi University in Milan. She is also a researcher for the Paolo Baffi Centre for Monetary and Financial Economics.