“十二五”高等院校应用型系列规划教材

# 金融英语阅读

# Jinrong Yingyu Yuedu

（第二版）

周婧玥 主编 尹丽 副主编

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# 前言

金融行业在现代全球经济化发展趋势中的地位日益凸显。随着中国在世界经济发展中占据了一席之地，为了保持和发展这样的金融趋势，促进社会的经济发展，提高我国的经济竞争力，我们国家的金融业必须积极地与世界沟通、合作，而目前最有效的交流工具则是英语。因此，我国当前的金融市场对于金融从业人员的英语水平也提出了更高的要求。

目前高等院校的金融英语相关课程对于培养具有国际竞争力的人才有着极大的作用，它融合了英语与金融的语言和知识，对于学生来说，完全掌握是有一定的难度。而本教材是以金融英语阅读及习题的方式，配合本科金融英语教材的需要编写的，教材阅读选材主要来源于近两年一些主要英语类财经新闻、评论和书籍，内容涵盖了金融市场到金融时事的各个方面，与现实生活息息相关，新颖实用，更能引起学生的学习兴趣，注重于培养学生的语言技巧，是辅助型教材。

本书共有五个主题：其一是金融市场和货币相关的阅读内容，包括了金融市场的概述、金融市场的历史和金融市场的发展趋势；其二是银行方面的阅读内容，包括了中央银行、商业银行、货币政策与监管的相关阅读材料；其三是投资相关的阅读材料，具体包括了投资银行、债券、证券和金融衍生产品的相关阅读内容；其四是金融行业中不可缺少的保险部分，阅读内容包括了保险的概述、人身保险和非人身保险部分；其五是金融热门专题，选取了当下大家关心的金融时事报道作为阅读材料。通过对这五个部分的阅读，读者便可掌握和巩固相关的金融英语术语和语言。本书第一、二、三章由周婧玥老师编写；第四、五章由尹丽老师编写。

在本书的编写过程中，虽然前后花费了较多时间查阅编译，但限于编者理论水平和实践经验的欠缺，书中难免有纰漏和不足之处，还望广大读者和专家予以批评指正，这将是我们继续提高水平的绝佳机会。

编者

2016 年 6 月

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# Chapter One: Financial Market and Money

## Part One Financial Market

*Reading Comprehension*

### The Introduction to the Financial Market

A financial market is a market in which people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand. Securities include stocks and bonds, and commodities include precious metals or agricultural goods.

There are both general markets (where many commodities are traded) and specialized markets (where only one commodity is traded). Markets work by placing many interested buyers and sellers, including households, firms, and government agencies, in one "place", thus making it easier for them to find each other. An economy which relies primarily on interactions between buyers and sellers to allocate resources is known as a market economy in contrast either to a command economy or to a non-market economy such as a gift economy. In finance, financial markets facilitate:

- The raising of capital (in the capital markets)
- The transfer of risk (in the derivatives markets)
- Price discovery
- Global transactions with integration of financial markets
- The transfer of liquidity (in the money markets)
- International trade (in the currency markets)

and are used to match those who want capital to those who have it. Typically a borrower issues a receipt to the lender promising to pay back the capital. These receipts are securities which may be freely bought or sold. In return for lending money to the borrower, the lender will expect some compensation in the form of interest or dividends. This return on investment is a necessary part of markets to ensure that funds are supplied to them.

Within the financial sector, the term "financial markets" is often used to refer just to the markets that are used to raise finance: for long term finance, the "capital markets"; for short term finance, the "money markets". Another common use of the term is as a catchall for all the markets in the financial sector, as per examples in the breakdown below.

- Capital markets which consist of:

▲ Stock markets, which provide financing through the issuance of shares or common stock, and enable the subsequent trading thereof.

▲ Bond markets, which provide financing through the issuance of bonds, and enable the subsequent trading thereof.

- Commodity markets, which facilitate the trading of commodities.
- Money markets, which provide short term debt financing and investment.
- Derivatives markets, which provide instruments for the management of financial risk.
- Futures markets, which provide standardized forward contracts for trading products at some future date; see also forward market.
- Insurance markets, which facilitate the redistribution of various risks.
- Foreign exchange markets, which facilitate the trading of foreign exchange.

The capital markets may also be divided into primary markets and secondary markets. Newly formed (issued) securities are bought or sold in primary markets, such as during initial public offerings. Secondary markets allow investors to buy and sell existing securities. The transactions in primary markets exist between issuers and investors, while in secondary markets transactions exist among investors.

Liquidity is a crucial aspect of securities that are traded in secondary markets. Liquidity refers to the ease with which a security can be sold without a loss of value. Securities with an active secondary market mean that there are many buyers and sellers at a given point in time. Investors benefit from liquid securities because they can sell their assets whenever they want; an illiquid security may force the seller to get rid of his assets at a large discount.

The financial market is broadly divided into 2 types: Capital Market and Money Market. The capital market is subdivided into Primary Market and Secondary Market.

## *New Words and Expressions*

| | | |
|---|---|---|
| security | *n.* | 证券 |
| commodity | *n.* | 商品 |
| integration | *n.* | 结合，整体 |
| liquidity | *n.* | 流动资产 |
| money markets | *n.* | 货币市场 |
| derivatives markets | *n.* | 衍生品市场 |
| futures markets | *n.* | 期货市场 |
| insurance markets | *n.* | 保险市场 |
| foreign exchange markets | *n.* | 外汇市场 |
| stock markets | *n.* | 股票市场 |

## *Notes*

1. Capital market: Capital markets are financial markets for the buying and selling of long-term debt- or equity-backed securities. These markets channel the wealth of savers to those who can put it to long-term productive use, such as companies or governments making long-term investments.

2. Money market: The money market became a component of the financial markets for assets involved in short-term borrowing, lending, buying and selling with original maturities of one year or less.

3. Derivatives market: The derivatives market is the financial market for derivatives, financial instruments like futures contracts or options, which are derived from other forms of assets. The market can be divided into two, that for exchange-traded derivatives and that for over-the-counter derivatives. The legal nature of these products is very different as well as the way they are traded, though many market participants are active in both.

4. Futures market: A futures exchange or futures market is a central financial exchange where people can trade standardized futures contracts; that is, a contract to buy

specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future.

5. Foreign exchange market: The foreign exchange market (forex, FX, or currency market) is a form of exchange for the global decentralized trading of international currencies. Financial centers around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock, with the exception of weekends.

## *Exercises*

**I. Choose the best answer to the following questions.**

1. What are the functions of the financial market?

    A. The raising of capital.

    B. The transfer of risk.

    C. International trade.

    D. All of the above.

2. What could be traded in the commodity market?

    A. Currency.

    B. Stocks.

    C. Bonds.

    D. Oil.

**II. Translate the following sentences into Chinese.**

1. A financial market is a market in which people and entities can trade financial securities, commodities, and other fungible items of value at low transaction costs and at prices that reflect supply and demand. Securities include stocks and bonds, and commodities include precious metals or agricultural goods.

2. The financial market is broadly divided into 2 types: Capital Market and Money Market. The capital market is subdivided into Primary Market and Secondary Market.

**III. Read the text and answer the following questions.**

1. What is a financial market?

2. What is the difference between the primary market and the secondary market when dealing with transactions?

## A Short History of Modern Finance

The crash has been blamed on cheap money, Asian savings and greedy bankers. For many people, deregulation is the prime suspect.

The autumn of 2008 marks the end of an era. After a generation of standing ever further back from the business of finance, governments have been forced to step in to rescue banking systems and the markets. In America, the bulwark of free enterprise, and in Britain, the pioneer of privatization, financial firms have had to accept rescue and part-ownership by the state. As well as partial nationalisation, the price will doubtless be stricter regulation of the financial industry. To invert Karl Marx investment bankers may have nothing to gain but their chains.

The idea that the markets have ever been completely unregulated is a myth: just ask any firm that has to deal with the Securities and Exchange Commission (SEC) in America or its British equivalent, the Financial Services Authority (FSA). And cheap money and Asian savings also played a starring role in the credit boom. But the intellectual tide of the past 30 years has unquestionably been in favour of the primacy of markets and against regulation. Why was that so? Each step on the long deregulatory road seemed wise at the time and was usually the answer to some flaw in the system. The Anglo-Saxon economies may have led the way but continental Europe and Japan eventually followed (after a lot of grumbling) in their path.

It all began with floating currencies. In 1971 Richard Nixon sought to solve the mounting crisis of a large trade deficit and a costly war in Vietnam by suspending the dollar's convertibility into gold. In effect, that put an end to the Bretton Woods System of fixed exchange rates which had been created at the end of the second world war. Under Bretton Woods, capital could not flow freely from one country to another because of exchange controls. As one example, Britons heading abroad on their annual holidays in the late 1960s could take just £ 50 (then $ 120) with them. Investing abroad was expensive, so pension funds kept their money at home.

Once currencies could float, the world changed. Companies with costs in one currency and revenues in another needed to hedge exchange-rate risk. In 1972 a former lawyer named Leo Melamed was clever enough to see a business in this and launched currency futures on the Chicago Mercantile Exchange. Futures in commodities had existed for more than a century, enabling farmers to insure themselves against lower crop prices. But Mr Melamed saw that financial futures would one day be far larger than the commodities market. Today's complex derivatives are direct descendants of those early currency trades. Perhaps it was no coincidence that Chicago was also the centre of free-market economics. Led by Milton Friedman, its professors argued that Keynesian economics, with its emphasis on government intervention, had failed and that markets would be better at allocating capital than bureaucrats. After the economic turmoil of the 1970s, the Chicago school found a willing audience in Ronald Reagan and Margaret Thatcher, who were elected at the turn of the decade. The duo believed that freer markets would bring economic gains and that they would solidify popular support for the conservative cause. A nation of property-owners would be resistant to higher taxes and to left-wing attacks on business. Liberalized markets made it easier for homebuyers to get mortgages as credit controls were abandoned and more lenders entered the home-loan market.

Another consequence of a system of floating exchange rates was that capital controls were not strictly necessary. Continental European governments still feared the destabilising effect of hot money flows and created the European Monetary System in response. But Reagan and Mrs (now Lady) Thatcher took the plunge and abolished controls. The initial effects were mixed, with sharp appreciations of the dollar and pound causing problems for the two countries' exporters and exacerbating the recession of the early 1980s.

But the result was that institutions, such as insurance companies and pension funds, could move money across borders. In Britain that presented a challenge to the stockbrokers and marketmakers (known as jobbers) who had controlled share trading. Big investors complained that the brokers charged too much under an anti-competitive system of fixed commissions. At the same time, big international fund-managers found that the tiny jobbing firms had too little capital to handle their trades.

The Big Bang of 1986 abolished the distinction between brokers and jobbers and allowed foreign firms, with more capital, into the market. These firms could deal more cheaply and in greater size. New York had introduced a similar reform in 1975; in America's more developed domestic market, institutional investors had had the clout to demand the change long before their British counterparts.

These reforms had further consequences. By slashing commissions, they contributed to the long-term decline of broking as a source of revenue. The effect was disguised for a while by a higher volume of transactions. But the broker-dealers increasingly had to commit their own capital to deals. In turn, this made trading on their own account a potentially attractive source of revenue.

Over time, that changed the structure of the industry. Investment (or merchant) banks had traditionally been slim businesses, living off the wits of their employees and their ability to earn fees from advice. But the need for capital led them either to abandon their partnership structure and raise money on the stockmarket or to join up with commercial banks. In turn, that required the dilution and eventually, in 1999, the abolition of the old *Glass-Steagall Act*, devised in the Depression to separate American commercial and investment banking. Commercial banks were keen to move the other way. The plain business of corporate lending was highly competitive and retail banking required expensive branch networks. But strong balance-sheets gave commercial banks the chance to muscle investment banks out of the underwriting of securities. Investment banks responded by getting bigger.

Expansion and diversification took place against a remarkably favourable background. After the Federal Reserve, then chaired by Paul Volcker, broke the back of inflation in the early 1980s, asset prices (property, bonds, shares) rose for much of the next two decades. Trading in, or lending against, such assets was very profitable. And during the "Great Moderation" recessions were short, limiting the damage done to banks' balance-sheets by bad debts.

## *New Words and Expressions*

| | | |
|---|---|---|
| Securities and Exchange Commission | *n.* | 美国证券交易委员会 |
| Anglo-Saxon | *n.* | 盎格鲁—撒克逊 |
| the Bretton Woods System | *n.* | 布雷顿森林体系 |
| hedge | *v.* | 规避 |
| Chicago Mercantile Exchange | *n.* | 芝加哥商品交易市场 |
| crop | *n.* | 农作物 |
| distinction | *n.* | 区别 |
| jobber | *n.* | 批发商 |
| slash | *v.* | 消减 |

| | | |
|---|---|---|
| recession | *n.* | 不景气，衰退 |
| reference | *n.* | 提及；涉及；参考 |
| affiliated | *adj.* | 附属的，有关联的 |
| distinguishing | *adj.* | 有区别的 |

### *Notes*

1. Securities and Exchange Commission (SEC): It is a federal agency in the United States. It holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation's stock and options exchanges, and other electronic securities markets in the United States.

2. Financial Services Authority (FSA): It is a quasi-judicial body responsible for the regulation of the financial services industry in the United Kingdom. Its board was appointed by the Treasury, although it operated independently of the government. It was structured as a company limited by guarantee and was funded entirely by fees charged to the financial services industry.

3. Keynesian Economics: It is the view that in the short run, especially during recessions, economic output is strongly influenced by aggregate demand (total spending in the economy). In the Keynesian view, aggregate demand does not necessarily equal the productive capacity of the economy; instead, it is influenced by a host of factors and sometimes behaves erratically, affecting production, employment, and inflation.

### *Exercises*

**I. Choose the best answer to the following questions.**

1. What action did the U. S. government do in 1971?

A. Put an end to the Bretton Woods System.

B. Suspend the conversion between the dollar and gold.

C. Suspend the Vietnam War.

D. Trade the currency at the Chicago Mercantile Exchange.

2. Who did launch the currency futures on the Chicago Mercantile Exchange in 1972?

A. Leo Melamed.

B. President Reagan.

C. Lady Thatcher.

D. Karl Marx.

**II. Translate the following passage into Chinese.**

The autumn of 2008 marks the end of an era. After a generation of standing ever further back from the business of finance, governments have been forced to step in to rescue banking systems and the markets. In America, the bulwark of free enterprise, and in Britain, the pioneer of privatization, financial firms have had to accept rescue and part-ownership by the state. As well as partial nationalisation, the price will doubtless be stricter regulation of the financial industry.

**III. Read the text and answer the following questions.**

1. What happened after the currency became floating?
2. What are the effects of the floating currency to the economy?

## Part Two The Trend of the Financial Market

***Reading Comprehension***

### Brokerage Firms Move to Set Up Futures Markets

*Published April* 4, 2013

*Dow Jones Newswires*

Some of the largest brokerages in the derivatives market are looking to start their own futures exchanges in response to new financial laws that could see business drain to established rival markets.

New York inter-dealer broker GFI Group Inc. (GFIG) submitted an application to open a proprietary U. S. futures exchange, according to the documents filed by the company, while rivals including Icap PLC and BGC Partners Inc. (BGCP) weighed similar efforts.

The moves come in response to new regulations outlined by the 2010 Dodd-Frank financial law, which tightened trading practices in the \$639 trillion market for privately traded derivatives called swaps.

New regulations designed to curb systemic risks have added costs and complexity for the banks and asset managers that trade swaps, prompting some to evaluate futures contracts as a cheaper alternative for hedging risks.

That potential migration represents a threat to the franchises of inter-dealer brokers like GFI, which have for decades been the facilitators of swap trades among Wall Street banks.

GFI, which handles trading in energy, interest-rate and credit derivatives, aims to launch the GFI Futures Exchange LLC as a futures offering for customers that may otherwise take their business to a major exchange company such as CME Group Inc. (CME) or Intercontinental Exchange Inc. (ICE).

"The difference between the regulatory treatment of futures and swaps is unclear, and we want to be prepared to serve our clients' needs across all markets," said a spokeswoman for GFI, in a statement.

GFI's effort comes as BGC, a rival inter-dealer broker based in New York, works to revamp ELX Futures LP, a market launched in 2009 as a competitor to CME in benchmark interest-rate contracts.

After failing to generate significant traction, BGC last year boosted its stake in the consortium-owned venture and is examining ways it can serve a different purpose under the Dodd-Frank regime, according to executives. Representatives for BGC did not immediately respond to requests for comment.

London-based Icap, the world's largest broker of trades between banks, acquired PLUS Stock Exchange PLC last May, rebranding it as ISDX and planning to list futures on the platform.

"At the time that ISDX was rebranded, we indicated that we didn't have a definitive timeline as to when we might start considering launching any listed derivatives or futures, but it is something we are investigating," said Chris Ferreri, managing director of hybrid brokering at ICAP U. S.

Futures are openly traded on exchanges or "designated contract markets", while swaps are negotiated privately been two counterparties and traded off exchange. As a result of the 2010 Dodd Frank financial overhaul law, however, most swaps will have to be traded on open platforms for the first time and centrally processed by clearinghouses, much like futures.

However, rules have yet to be finalized for so-called swap execution facilities, the venues on which many swaps will have to be traded, and in the meantime futures ex-

 