



# AFIN837

## Capital Markets

S2 Evening 2014

*Applied Finance and Actuarial Studies*

### Contents

---

<a href="#"><u>General Information</u></a>	2
<a href="#"><u>Learning Outcomes</u></a>	2
<a href="#"><u>General Assessment Information</u></a>	3
<a href="#"><u>Assessment Tasks</u></a>	3
<a href="#"><u>Delivery and Resources</u></a>	5
<a href="#"><u>Unit Schedule</u></a>	6
<a href="#"><u>Policies and Procedures</u></a>	7
<a href="#"><u>Graduate Capabilities</u></a>	9
<a href="#"><u>Research and Practice</u></a>	11

---

#### **Disclaimer**

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

## General Information

### Unit convenor and teaching staff

Unit Convenor

Mehdi Sadeghi

[mehdi.sadeghi@mq.edu.au](mailto:mehdi.sadeghi@mq.edu.au)

Contact via [mehdi.sadeghi@mq.edu.au](mailto:mehdi.sadeghi@mq.edu.au)

Tuesday 1-3PM

Lecturer

Keith Woodward

[keith.woodward@mq.edu.au](mailto:keith.woodward@mq.edu.au)

Contact via [keith.woodward@mq.edu.au](mailto:keith.woodward@mq.edu.au)

Monday 1-2PM

Credit points

4

Prerequisites

ACST603 or AFIN858 or admission to MCom or MIntBus or MEc or MActPrac prior to 2011

Corequisites

Co-badged status

Unit description

This unit provides an overview of the operation of the capital markets in Australia. The financial institutions are described and the securities offered by these institutions are reviewed. Emphasis is placed on the financial instruments available to companies and investors from the equity, debt and derivative markets.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Distinguish between various sectors of the financial market and the nature of the financial claims of the participants

Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions

Critically evaluate the relative merits of short term and long term debt and changes in the supply and demand for particular debt securities

Explain the characteristics of corporate funding sources and the processes involved in raising funds

Analyse the role of futures and options in the management of risk by the market participants

Review the complex interactions between the banks, government and Reserve

## General Assessment Information

A Standardised Numerical Grade (SNG) gives you an indication of how you have performed within the band for your descriptive grade. The SNG is not a mark, and you may not be able to work it out based on your raw examination and other assessment marks. Nor are you able to determine you are “one mark away” from a different grade.

## Assessment Tasks

Name	Weighting	Due
<a href="#"><u>Calss Test</u></a>	25%	Week 7
<a href="#"><u>Essay</u></a>	25%	Week 11
<a href="#"><u>Final Examination</u></a>	50%	Final exam period

### Calss Test

Due: **Week 7**

Weighting: **25%**

Class Test (Week 7) 25%

The 90-minute class test is designed to help you consolidate your understanding of core concepts through Multiple Choice questions, thus helping you meet and monitor your progress in attaining learning objectives (1)-(3). This test will cover topics from the first 6 weeks of lectures and the associated reading materials. You are expected to present yourself for the test in Lecture7 at the enrolled time and place of your normal lecture.

Students who fail to sit for the class test will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Distinguish between various sectors of the financial market and the nature of the financial claims of the participants
- Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions
- Explain the characteristics of corporate funding sources and the processes involved in raising funds

## Essay

Due: **Week 11**

Weighting: **25%**

Essay worth 25% of the final mark. You should form a group of 3-4 members from your class in the first week of the lecture and elect a group leader. The responsibility of the group leader is to upload the report on behalf of the group to Turnitin on ilearn in week 11 (the cut-off point is Friday at 4.30PM). All group members are equally responsible for the entire submitted assignment. It is important for each student to contribute substantially to the final submitted work. The team leader is expected to maintain a weekly journal, registering the contribution of each team member during the week. A *hard copy* of the Journal must be submitted with the assignment (no Turnitin submission is required). Extra evidence you wish to provide, such as tables and graphs must be placed in the text. They should be labelled and placed directly above or wrapped in the paragraph that they are discussed in. Do not put figures in the appendix, they will not be marked. The main body of your report should not exceed 3500 words, typed with *12-point font*, 1.5 spaced. A good essay shows research and clarity of argument. Essays that are not proof-read will be marked down.

No extensions will be granted. Late tasks will be accepted up to 72\* hours after the submission deadline. There will be a deduction of 20%\* of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 40% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions
- Explain the characteristics of corporate funding sources and the processes involved in raising funds
- Review the complex interactions between the banks, government and Reserve

## Final Examination

Due: **Final exam period**

Weighting: **50%**

The final examination will be a 3-hour paper. All topics are examinable in the final examination. To be eligible to pass this unit, a pass is required in the final examination. The timetable for this exam will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

On successful completion you will be able to:

- Distinguish between various sectors of the financial market and the nature of the financial claims of the participants
- Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions
- Critically evaluate the relative merits of short term and long term debt and changes in the supply and demand for particular debt securities
- Explain the characteristics of corporate funding sources and the processes involved in raising funds
- Analyse the role of futures and options in the management of risk by the market participants
- Review the complex interactions between the banks, government and Reserve

## Delivery and Resources

### Classes

There are twelve lectures and one in-class Mid-Semester test conducted over thirteen weeks in the following classes.

The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu>

[u.au/](#)

It is an assessment requirement of this unit that students attend classes.

### Required text and/or materials

C. Viney, Financial Institutions, Instruments and Markets, McGraw-Hill, Seventh edition, 2013. The textbook may be purchased from the Macquarie University Co-op Bookshop, and students are advised to buy the book to improve their understanding of the lectures.

### Technology Used and Required

Non-programmable Calculators will be allowed in the mid-term test or the final exam. Students are advised to bring their calculators to class. You are expected to show all workings for your calculations. All calculations should be to two decimal places, and rounding should be left till the end. Excessive and premature rounding will be penalised.

### Unit web page

The course material is available in <http://ilearn.mq.edu.au>. Students are advised to check the unit website regularly, and ensure that all material posted on the website can be accessed without difficulties. If you are unable to access any of the material on the website, check with your classmates first before notifying your lecturer of the problem.

### Changes from the last offering

There have been no changes from the last offering.

## Unit Schedule

Lecture	Week Starting (Monday)	Topic	Reading s
1	4 <sup>th</sup> Aug. 2014	A modern financial system	Ch.1 and lecture notes
2	11th Aug. 2014	Commercial banks	Ch. 2 and lecture notes
3	18 th Aug. 2014	No n-bank financial institutions	Ch. 3 and lecture notes

4	25th Aug. 2014	The share market and corporations	Ch. 4 and lecture notes
5	1st Sept. 2014	Issuing new equity & investing in the share market	Ch.5 , Ch. 6 sections 1 -3 and lecture notes
6	8 th Sept. 2014	Performance measurement, share pricing & forecasting in equity market	Ch. 6 sections 4-6 , Ch. 7 and lecture notes
7	15 <sup>th</sup> Sept. 2014	<b>Mid –Semester Test (2 5 %) Ch.1 to 7 (To be confirmed )</b>	
		<b>Mid Semester Break</b>	
8	6 th Oct. 2014	Short-term debt	Ch. 9 , and lecture notes
9	13 th Oct. 2014	Medium-to-long term debt	Ch.10 , and lecture notes
10	20 th Oct. 2014	Futures contracts and forward rate agreements	Ch. 10 , and lecture notes
11	27 <sup>th</sup> Oct. 2014	Options  <b>Essay due (25%)</b>	Ch. 20 , and lecture notes
12	3 <sup>rd</sup> Nov 2014	Government debt, monetary policy, and payment system	Ch.12 , and lecture notes
13	10 <sup>th</sup> Nov 2014	An introduction to interest rate determination and forecasting	Ch. 13 , and lecture notes

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Supplementary Exam

Supplementary Exams Further information regarding supplementary exams, including dates, is available here [http://www.businessandconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/special\\_consideration](http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)



## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

#### Learning outcomes

- Distinguish between various sectors of the financial market and the nature of the financial claims of the participants
- Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions
- Critically evaluate the relative merits of short term and long term debt and changes in the supply and demand for particular debt securities
- Explain the characteristics of corporate funding sources and the processes involved in raising funds
- Analyse the role of futures and options in the management of risk by the market participants
- Review the complex interactions between the banks, government and Reserve

#### Assessment tasks

- Class Test
- Final Examination

### PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

## Learning outcomes

- Distinguish between various sectors of the financial market and the nature of the financial claims of the participants
- Critically evaluate the relative merits of short term and long term debt and changes in the supply and demand for particular debt securities
- Explain the characteristics of corporate funding sources and the processes involved in raising funds
- Analyse the role of futures and options in the management of risk by the market participants

## Assessment tasks

- Class Test
- Essay
- Final Examination

## PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

## Learning outcomes

- Distinguish between various sectors of the financial market and the nature of the financial claims of the participants
- Identify the factors responsible for trends in regulation, the role of and the growth in the sources and uses of funds of the banking sector and the non-bank financial institutions
- Critically evaluate the relative merits of short term and long term debt and changes in the supply and demand for particular debt securities
- Explain the characteristics of corporate funding sources and the processes involved in raising funds
- Analyse the role of futures and options in the management of risk by the market participants

## Assessment tasks

- Class Test
- Essay

## Research and Practice

This unit gives you practice in applying research findings in your essay.