



AFIN837

Capital Markets

MQC S1 Day 2014

Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Unit Convenor

Peter Kavalamthara

peter.kavalamthara@mq.edu.au

Contact via peter.kavalamthara@mq.edu.au

By appointment via email

Moderator

Mehdi Sadeghi

mehdi.sadeghi@mq.edu.au

Contact via mehdi.sadeghi@mq.edu.au

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

Assessment Tasks

Name	Weighting	Due
<u>Class Test</u>	25%	Week 7
<u>Essay</u>	25%	Week 11
<u>Final Examination</u>	50%	Final exam period

Class Test

Due: **Week 7**

Weighting: **25%**

Mid-semester test (Week 7) 25%

The 90-minute mid-semester 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.

If you couldn't attend the midterm test for a legitimate reason, the weight of the test will be added to your final exam mark.

On successful completion you will be able to:

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- 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. It is important for each group member to contribute substantially to the final submitted work. The responsibility of the group leader is to upload the report on behalf of the group to Turnitin on ilearn on week 11 (the cut-off point is Friday at 5PM). All group members are equally responsible for the entire submitted assignment. The team leader is also expected to maintain a weekly journal, registering the contribution of each team member during the week. The Journal must be submitted with the assignment in week 11. 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 awarded a passing grade in this unit (SNG of 50% or higher) a student must pass the final exam (attain a mark of 50% or higher). 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
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- 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
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Delivery and Resources

Classes

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

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	Readings
1	3 rd March 2014	A modern financial system	Ch.1 and lecture notes
2	10 th March 2014	Commercial banks	Ch.2 and lecture notes
3	17 th March 2014	Non-bank financial institutions	Ch.3 and lecture notes
4	24 th March 2014	The share market and corporations	Ch.4 and lecture notes
5	31 st March 2014	Issuing new equity & investing in the share market	Ch.5, Ch.6 sections 1-3 and lecture notes
6	7 th April 2014	Performance measurement, share pricing & forecasting in equity market	Ch.6 sections 4-6, Ch.7 and lecture notes
Seession 1 Break			

7	28 th April 2014	Mid –Semester Test (2 5 %) Ch.1 to 7 (To be confirmed)	
8	5 th May 2014	Short-term debt	Ch.9,andlecturenotes
9	12 th May2014	Medium-to-long term debt	Ch.10,and lecturenotes
10	19 th May2014	Futures contracts and forward rate agreements	Ch.19,and lecturenotes
11	26 th May 2014	Options Essay due(25%)	Ch.20,and lecturenotes
12	2 nd June 2014	Government debt, monetary policy, and payment system	Ch.12,and lecturenotes
13	9 th June 2014	An introduction to interest rate determination and forecasting	Ch.13,andlecturenotes

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

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

Disruption to Studies Policy 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/

Grades

Macquarie University uses the following grades in coursework units of study:

- **HD - High Distinction**
- **D - Distinction**
- **CR - Credit**
- **P - Pass**
- **F – Fail**

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

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

For further information, please refer to page 71 of the 2013 Calendar of Governance, Legislation and Rules- Postgraduate Rules at

http://universitycouncil.mq.edu.au/pdfs/2013-Postgraduate_rules.pdf

Grade Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

<http://www.city.mq.edu.au/reviews-appeals.html>

Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/policy.html

The University defines serious and unavoidable disruption to studies as resulting from an event or set of circumstances that:

- could not have reasonably been anticipated, avoided or guarded against by the student; and
- was beyond the student's control; and
- caused substantial disruption to the student's capacity for effective study and/or the completion of required work; and
- substantially interfered with the otherwise satisfactory fulfilment of unit or course requirements; and
- was of at least three (3) consecutive days duration within a study period and/or prevented completion of the final examination.

A Special Consideration application is deemed to be valid if all the following criteria have been satisfied:

- The Special Consideration application is completed by the student and submitted online through www.ask.mq.edu.au within five (5) working days after the due date of the associated assessment task / final examination.
- The application contains supporting evidence to demonstrate the severity of the circumstance(s) and that substantial disruption has been caused to the student's capacity for effective study. (The University will not follow up on outstanding evidence, nor contact any person or body on behalf of the student. The application will be considered as submitted.)
- The original supporting documentation has been sighted by MQC reception staff within five (5) working days after the due date of the associated assessment task.
- Where the particular circumstances are medical in nature, a *Professional Authority Form* including the health professional's Medicare Provider Number is included. (If a

Professional Authority Form cannot be obtained, an original medical certificate indicating the severity (serious / not serious) and impact of the circumstances must be included with the application.)

- Where the particular circumstances are non-medical in nature, appropriate supporting evidence indicating the severity (serious / not serious) and impact of the circumstances is included with the application.
- The student was performing satisfactorily in the unit up to the date of the unavoidable disruption. (If a student's work in the unit was previously unsatisfactory, subsequent unavoidable disruption will not overcome the fact that the earlier work was unsatisfactory).

Unacceptable grounds for Special Consideration

The University has determined that some circumstances are not acceptable grounds for claiming Special Consideration. These grounds include, but are not limited, to:

- routine demands of employment
- routine family problems such as tension with or between parents, spouses, and other people closely involved with the student
- difficulties adjusting to university life, to the self-discipline needed to study effectively, and the demands of academic work
- stress or anxiety associated with examinations, required assignments or any aspect of academic work
- routine need for financial support
- routine demands of sport, clubs and social or extra-curricular activities.

Acute Problems

The University defines acute problems as those involving fewer than three (3) consecutive days within a study period. In these cases, students should not apply for special consideration via ask.mq.edu.au, but contact their Unit Convenor within 5 working days of the assessment due date so that a local solution may be discussed, except where the disruption affects completion of a final examination. (If a final examination is affected, the student should submit a special consideration application via ask.mq.edu.au.)

Prior Conditions Conditions existing prior to commencing a unit of study are not grounds for Special Consideration, except in the event of unavoidable deterioration of the condition. The student is responsible for managing their workload in light of any known or anticipated problems. Students with a pre-existing disability/ chronic health condition may contact the [Disability Service](#) for information on available support.

In submitting a request for Special Consideration, the student is acknowledging that they may be required to undertake additional work and agreeing to hold themselves available so that they can complete any extra work as required. The time and date, deadline or

format of any required extra assessable work as a result of an application for Special Consideration is not negotiable.

Attendance

All Students are required to attend at least 80% of the scheduled course contact hours each Session. Additionally MQC monitors the course progress of international students to ensure that the student complies with the conditions of their visa relating to attendance.

This minimum level of attendance includes all lectures and tutorials. Tutorial attendance will be recorded weekly. If any scheduled class falls on a public holiday this will be rescheduled as advised by your Lecturer. Attendance at any mid-Session or in-class test is compulsory unless otherwise stated.

Unavoidable non-attendance due to illness or circumstances beyond your control must be supported by appropriate documentation to be considered for a supplementary test. Other non-attendance will obtain zero for the test. You should refer to the section below on Special Consideration for more details about this.

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) 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

Student Support

Students who require assistance are encouraged to contact the Student Services Manager at Macquarie City Campus. Please see reception to book an appointment.

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://students.mq.edu.au/support/>

At any time students (or groups of students) can book our Student Advising rooms on Level 6 by emailing info@city.mq.edu.au with a day and time and nominated contact person. There are additional student study spaces available on Level 1.

Macquarie University Campus Wellbeing also has a presence on the City Campus each week. If you would like to make an appointment, please email info@city.mq.edu.au or visit their website at: <http://www.campuslife.mq.edu.au/campuswellbeing>

UNIWISE provides:

- Online learning resources and academic skills workshops http://www.mq.edu.au/learning_skills
- Personal assistance with your learning & study related questions

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.

IT Help

If you wish to receive IT help, we would be glad to assist you at <http://informatics.mq.edu.au/help/> or call 02 9850-4357.

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 and it outlines what can be done.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

Students are expected to act responsibly when utilising Macquarie City Campus IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted.
- Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

If you would like to borrow headphones for use in the Macquarie City Campus computer labs (210, 307, 311, 608) at any point, please ask at Level 2 Reception. You will be required to provide your MQC Student ID card. This will be held as a deposit while using the equipment.

For assistance in the computer labs, please see a Lab Demonstrator (usually they can be found in Lab 311, otherwise ask at Level 2 Reception).

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
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- 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.