



# AFIN837

## Capital Markets

S1 Day 2016

*Dept of Applied Finance and Actuarial Studies*

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## General Information

Unit convenor and teaching staff

Unit coordinator

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Credit points

4

Prerequisites

ACST603 or AFIN858

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 financial assets.

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 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 market participants.

Review the complex interactions between the banks, government and central bank.

## General Assessment Information

**Consultation:** Teacher consultation times will be posted to iLearn.

**Questions:** Subject-related questions whose answer is useful to everyone should be posted to the iLearn discussion board. Questions of a personal nature can be sent to your teacher.

**Extensions:** No extensions will be granted. Students who are unable to attend the test will be awarded a mark of 0 for the test, except for cases where an application for special consideration has been made and approved. Late tasks will be accepted up to 72 hours after the submission deadline. There will be a deduction of 10% 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 – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved.

**Marks in gradebook:** It is the responsibility of students to view their marks for each within-session-assessment on iLearn within 20 working days of posting. If there are any discrepancies, students must contact the unit convenor immediately. Failure to do so will mean that queries received after the release of final results regarding assessment tasks (not including the final exam mark) will not be addressed.

## Assessment Tasks

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

### Class Test

Due: **Week 7**

Weighting: **25%**

Mid-semester test (Week 7) 25%

The 90-minute mid-semester test will cover topics from the prior weeks' lectures and the associated reading materials. You are expected to present yourself for the test in Lecture 7 at the enrolled time and place of your normal lecture.

On successful completion you will be able to:

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- 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 non-bank financial institutions.
- Explain the characteristics of corporate funding sources and the processes involved in raising funds.

## Group Assignment

Due: **Week 11**

Weighting: **25%**

Report worth 25% of the final mark. You should form a group of 2-4 members from your class in the first few weeks 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 in week 11. 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.

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 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 central bank.

## Final Examination

Due: **Final exam period**

Weighting: **50%**

The final examination will be a 3-hour paper. All topics are examinable.

To be eligible to pass this unit, a pass is required in the final examination

On successful completion you will be able to:

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assets.

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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.
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- Review the complex interactions between the banks, government and central bank.

## 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.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 use the book to improve their understanding of the lectures. Older versions will do just fine.

### Technology Used and Required

Non-programmable calculators will be allowed in the mid-term test and 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.

## Unit Schedule

### Unit Schedule

Lecture	Week Starting Monday	Topic	Readings
1	29.2.16	A Modern financial system	Ch. 1 and lectures notes
2	7.3.16	Commercial banks	Ch. 2 and lecture notes
3	14.3.16	Non-bank financial institutions	Ch.3, and lecture notes
4	21.3.16	The share market and corporations.	Ch.4 and lecture notes
5	28.3.16	Issuing new equity & investing in the share market.	Ch.5, Ch.6 sections1-3 and lecture notes
6	4.4.16	Performance measurement, sharepricing & forecasting in equity market	Ch.6 sections 4-6,Ch.7 and lecture notes
7	25.4.16	In Class test (25 %) Ch.1 to 7 (to be confirmed)	
Break		Monday 11.4.16 to Friday 22.4.16	
8	2.5.16	Short-term debt	Ch.9, and lecture notes
9	9.5.16	Medium-to-long term debt.	Ch.10, and lecture notes
10	16.5.16	Futures contracts and forward rate agreements.	Ch.19, and lecture notes
11	23.5.16	Options, Report due (25%).	Ch.20, and lecture notes
12	30.5.16	Government debt, monetary policy, and payments system.	Ch.12, and lecture notes
13	6.6.16	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)

**New Assessment Policy in effect from Session 2 2016** [http://mq.edu.au/policy/docs/assessment/policy\\_2016.html](http://mq.edu.au/policy/docs/assessment/policy_2016.html). For more information visit [http://students.mq.edu.au/events/2016/07/19/new\\_assessment\\_policy\\_in\\_place\\_from\\_session\\_2/](http://students.mq.edu.au/events/2016/07/19/new_assessment_policy_in_place_from_session_2/)

Assessment Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy prior to Session 2 2016 <http://mq.edu.au/policy/docs/grading/policy.html>

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

Complaint Management Procedure for Students and Members of the Public [http://www.mq.edu.au/policy/docs/complaint\\_management/procedure.html](http://www.mq.edu.au/policy/docs/complaint_management/procedure.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/)

## Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

## Supplementary Exam

Supplementary Exams Further information regarding supplementary exams, including dates, is available here [http://www.businessandeconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/special\\_consideration](http://www.businessandeconomics.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://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources 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 financial assets.
- 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 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 market participants.
- Review the complex interactions between the banks, government and central bank.

#### 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 financial assets.
- 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 market participants.

## Assessment tasks

- Class Test
- Group Assignment
- 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 financial assets.
- 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 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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## Assessment tasks

- Class Test
- Group Assignment

## Changes from Previous Offering

There have been no changes from the last offering.

## Research and Practice

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