



# AFIN837

## Capital Markets

AFC Term 1 NR 2019

*Department of Applied Finance*

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### Disclaimer

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## General Information

Unit convenor and teaching staff Coordinator Keith Woodward <a href="mailto:keith.woodward@mq.edu.au">keith.woodward@mq.edu.au</a> See ilearn
Credit points 4
Prerequisites (ACST603 or AFIN858) or (admission to MAppFin or MAppFin(Adv))
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.

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.

Work productively in a group to undertake financial analysis.

## General Assessment Information

**Details:** Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

**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.

**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	Hurdle	Due
<u>Self-assessment online test</u>	0%	No	Sunday 14.1.2018
<u>Class test</u>	35%	No	9am Monday 22.1.2018
<u>Group assignment</u>	15%	No	Midnight Monday 5.2.18
<u>Final examination</u>	50%	No	19.2.2018

### Self-assessment online test

Due: **Sunday 14.1.2018**

Weighting: **0%**

**Task Description:** Please use this assessment task as an indicator of whether you are progressing satisfactorily in the unit. If you are having difficulties, please see your teacher. **Type**

**of Collaboration:** Individual **Submission:** Online **Format:** Please refer to iLearn **Length:**

Please refer to iLearn

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.

### Class test

Due: **9am Monday 22.1.2018**

Weighting: **35%**

**Task Description:** The test will cover topics from the prior weeks' lectures, associated reading

materials and the assignment. A number of questions in the test will cover topics closely related to the group assignment in order to examine the 50% individual's performance in the total assignment mark. So it is important that you have made substantial progress on your group assignment by this time. **Type of Collaboration:** Individual **Submission:** You are expected to present yourself for the test at the enrolled time and place of your normal lecture. **Format:** Please refer to iLearn **Length:** 90 minutes **Late Submission:** No extensions will be granted. Students who have not sat the test as scheduled will be awarded a mark of 0 for the task, except for cases in which an application for Special Consideration is made and approved.

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- 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.

## Group assignment

Due: **Midnight Monday 5.2.18**

Weighting: **15%**

**Task Description:** You should form a group of 2-4 members from you class as soon as possible 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 by the due date. 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 on the last page. **Type of Collaboration:** Group **Submission:** Online via iLearn **Format:** Word document or PDF **Length:** Please refer to iLearn **Late Submission:** No extensions will be granted. 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 disruption of studies is made and approved. No submission will be accepted after solutions have been posted.

On successful completion 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.
- 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.
- Work productively in a group to undertake financial analysis.

## Final examination

Due: **19.2.2018**

Weighting: **50%**

**Task Description:** All topics are examinable. **Type of Collaboration:** Individual **Submission:** Not applicable **Format:** Not applicable **Length:** 2 hours

On successful completion 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.
- 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.

## Delivery and Resources

<b>Required Text:</b>	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.
<b>Unit Web Page:</b>	The course material is available in <a href="http://ilearn.mq.edu.au">http://ilearn.mq.edu.au</a> . 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.
<b>Technology Used and Required:</b>	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.
<b>Delivery Format and Other Details:</b>	
<b>Recommended Readings:</b>	
<b>Other Course Materials:</b>	

## Unit Schedule

### Unit Schedule

Topic No.	Topic	Textbook chapters
1	Mon, 7 Jan, 9am - 12 noon, A modern financial system.	1

2	Mon, 7 Jan, 1.30 - 4.30pm, Commercial banks.	2
3, Room: 12SW 430 ALS	Tue, 8 Jan, 1.30 - 4.30pm, Non-bank financial institutions. Self-assessment online quiz (0%)	3
4, Room: 06EaR 316	Mon, 14 Jan, 9am - 12 noon, The share market and corporations.	4
5, Room: 06EaR 316	Mon, 14 Jan, 1.30 - 4.30pm, Issuing new equity & investing in the share market.	5, and Ch.6 sections1-3
6, Room: 12SW 430 ALS	Tue, 15 Jan, 1.30 - 4.30pm, Performance measurement, share pricing & forecasting in equity market.	6 sections 4-6, and Ch.7
7, Room: 12SW 430 ALS	Mon, 21 Jan, 9am - 12 noon, <b>In-class test (35%)</b> covering topics up to this week, plus questions related to the assignment.	
8, Room: 12SW 430 ALS	Mon, 21 Jan, 1.30 - 4.30pm, Short-term debt.	9
9, Room: 06EaR 314	Tue, 29 Jan, 1.30 - 4.30pm, Medium-to-long term debt.	10
10, Room: 12SW 430 ALS	Mon, 4 Feb, 9am - 12 noon, Futures contracts and forward rate agreements.	19
11, Room: 12SW 430 ALS	Mon, 4 Feb, 1.30 - 4.30pm, Options.	20
12, Room: 12SW 430 ALS	Tue, 5 Feb, 1.30 - 4.30pm, Government debt, monetary policy, and payments system. <b>Assignment due (15%).</b>	12
13, Room: 12SW 430 ALS	Mon, 11 Feb, 1.30 - 4.30pm, An introduction to interest rate determination and forecasting.	13

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)

- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/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/study/getting-started/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) 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) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Supplementary exams

Information regarding supplementary exams, including dates, is available at:

[http://www.businessandeconomics.mq.edu.au/current\\_students/undergraduate/how\\_do\\_i/disruption\\_to\\_studies](http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/disruption_to_studies)

## 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)

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@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.
- 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.
- Work productively in a group to undertake financial analysis.

#### 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.
- Explain the characteristics of corporate funding sources and the processes involved in raising funds.
- Work productively in a group to undertake financial analysis.

## **Assessment tasks**

- 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.
- Explain the characteristics of corporate funding sources and the processes involved in raising funds.
- Work productively in a group to undertake financial analysis.

## **Assessment tasks**

- Self-assessment online test
- Class test
- Group assignment

## **Changes from Previous Offering**

The assessment weights were changed to reflect the AACSB policies.

## Research and Practice

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

## Changes since First Published

Date	Description
08/01/2019	Added class rooms and amended 'Monday 22nd January' to 'Monday 21st January' in unit schedule.