

THE UNIVERSITY OF
NEW SOUTH WALES



Faculty of Commerce and Economics
School of Banking and Finance

FINS5512
FINANCIAL MARKETS AND INSTITUTIONS

COURSE OUTLINE
SESSION 2, 2006

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1. COURSE STAFF

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1.1 Communication with Staff

You will be notified of the lecturer's consultation hours in the first week of their lecture. It may be most efficient to email staff with your brief query if you are unable to ask a staff member in person. However, queries that are complex or long-winded should be brought to the attention of the academic staff in the staff member's consultation time. If you are unable to make the consultation times you may email the lecturer and make an alternative appointment. All lecture materials and announcements will be accessible through WebCT Vista <http://vista.elearning.unsw.edu.au>. Students should ensure that they visit the site regularly.

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and Locations

The class will meet weekly as follows:

Monday 6-9pm, Old Main Building (OMB) 149.

2.2 Units of Credit

This course has 6 units of credit and 3 contact hours per week.

2.4 Relationship of this course to other course offerings

This course provides a broad overview of the financial system. It introduces various types of financial instruments (debt, equity and derivatives), financial markets and financial institutions. The course raises a number of key issues in relation to the use of financial instruments and the operation of markets and institutions which are covered in more depth by subsequent courses in the Masters program.

2.5 Approach to learning and teaching

There is a lot of material to cover in this class, but we want to ensure that it will be relevant and meaningful to you in class and after you graduate: To promote help achieve this objective we have a number of teaching aims:

- Create a climate of engagement, dialogue and ongoing feedback between students and teaching staff regarding the course content, teaching strategies, learning experiences and outcomes (Guidelines on Learning that Inform Teaching at UNSW (GLIT) numbers 2,7,10);
- Cater for a variety of learning preferences and abilities by providing a range of learning activities and teaching methods (GLIT number 9);

To help achieve these teaching aims, the weekly three hour lecture will be divided into parts. One part will focus on imparting relevant information to students relating to the course content. The second part will focus on discussing current issues in the financial market, which relate to the weekly material. The third part will focus on working through exercises which stimulate further discussion and reinforce the weekly material.

3. COURSE AIMS AND OUTCOMES

3.1 Course Aims

This course will provide students with an introduction to Australian financial markets and an evaluation of the institutions, instruments and participants involved in the industry. The mainstream markets to be evaluated include the equity, money, bond, futures, options and exchange rate markets. The course begins with an evaluation of the banking system and the importance the provision of finance in the economy. The subject then systematically reviews each of the mainstream financial markets and describes the various institutional participants and the different types of financial instruments offered.

3.2 Student Learning Outcomes

Upon completing this course students should have a good grasp of the Australian financial system. Specifically, you should become aware of the various financing options available to firms and the relative advantages and disadvantages of each, understand the basics of how financial markets function and the trading of financial securities, and understand the purpose of derivative contracts and how they can be used to manage risks.

4. STUDENT RESPONSIBILITIES AND CONDUCT

4.1 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

4.2 Attendance

Your regular and punctual attendance at lectures and seminars is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

4.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

4.4 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

5. LEARNING ASSESSMENT

5.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

5.2 Assessment Details

The course assessment is as follows:

| Assessment | % |
|-------------------------|--------------|
| Numeracy Skills Quiz | 0 |
| Mid-Session Examination | 50.0 |
| Final Examination | 50.0 |
| Total | 100.0 |

Numeracy Skills Quiz. This is to be completed within first 2 weeks of session. It is a zero weighted assessment item.

Purpose of NSQ and link to learning outcomes. In the Banking, Finance, International Finance and Funds Management specialisations there is fundamental numeracy knowledge that the lecturers will assume everyone already

has and understands. If students don't have this knowledge, it is going to be difficult for them to understand key concepts and to progress successfully in the specialisation courses. For this reason, the School of Banking and Finance requires students to complete this NSQ at the start of this course in order to assess numeracy skills.

Accessing and completing the NSQ. Students can find a link to the NSQ itself as well as detailed information about the NSQ by logging on to the WebCT Vista site: <https://vista.elearning.unsw.edu.au>. For some students the NSQ will be relatively easy; for others the NSQ will be hard. No one will be penalised for a low score in the NSQ; the result is used to identify what numeracy support or other intervention is appropriate for each individual student.

Students failing to take either the mid-session or the final exam will be awarded a failure for unsatisfactory performance

Students will be allowed to bring to the exams a scientific calculator in accordance with the University's regulations. (For example, calculators permissible are a Casio-FX or equivalent.)

The format of the mid-session exam and final exams will be made known to students during the lecture immediately preceding the respective exams.

5.5 Special Consideration and Supplementary examinations

Information and policy about special consideration and supplementary examinations – it is recommended that there is a standard School policy, which is available on the School website and referred to in the course outline. UNSW Policy and information on special consideration, including supplementary exams can be found at: <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>

An *example* of words about special consideration for course outlines follows. These words could be used and/or modified to suit the policies/processes within your School:

UNSW policy and process for Special Consideration applies (see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>). Specifically:

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;
- Please note: a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see:

<http://www.lc.unsw.edu.au/plagiarism/index.html>

Plagiarism is the presentation of the thoughts or work of another as one's own.* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www.lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre. Used with kind permission from the University of Newcastle
† Adapted with kind permission from the University of Melbourne.

7. STUDENT RESOURCES

7.1 Course Resources

The prescribed textbook for this course is Christopher Viney's (2003) text McGrath's Financial Institutions, Instruments and Markets, 4th Edition and available at the University Bookshop.

Students might also like to refer to the following books as useful secondary references: Lewis and Wallace's (1997) The Australian Financial System, published by Longman, Hunt and Terry's (2002) Financial Institutions and Markets, 3rd Edition, published by Nelson.

Students are also encouraged to keep up-to-date with the latest developments in financial markets, and this can be achieved through regular reading of the financial press. Extending your reading in this manner should increase your appreciation for the subject and also aid your learning. The publications The Australian Financial Review and Business Review Weekly are also recommended.

7.2 Other Resources, Support and Information

The University and the Faculty provide a wide range of support services for students, including:

- **Learning and study support**
 - FCE Education Development Unit (<http://education.fce.unsw.edu.au>)
 - UNSW Learning Centre (<http://www.lc.unsw.edu.au>)
 - EdTec – WebCT information (<http://www.edtec.unsw.edu.au>)
- **Counselling support** - <http://www.counselling.unsw.edu.au>
- **Library training and support services** - <http://info.library.unsw.edu.au>
- **Disability Support Services** – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.equity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure <https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>

- **Occupational Health and Safety** policies and student responsibilities:
<http://www.riskman.unsw.edu.au/ohs/Policies%20&%20Procedures/UNSW%20OHS%20Accountability.pdf>

8. CONTINUAL COURSE IMPROVEMENT

‘Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process (http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students’.

9. COURSE SCHEDULE

| Week | Week Beginning | Lecturer | Topic | Viney/McGrath (2003) |
|------|-----------------------|----------|--|----------------------|
| 1 | 24 th July | JZ | Introduction to Financial System | Chapter 1 |
| 2 | 31 st July | JZ | Bank and Non-Bank Financial Institutions, Regulation | Chapters 2 and 3 |
| 3 | 7 th Aug | JZ | Equity Markets I | Chapters 4 and 5 |
| 4 | 14 th Aug | JZ | Equity Markets II | Chapters 6 and 7 |
| 5 | 21 nd Aug | JZ | Debt Markets I – Corporate Debt | Chapters 8 and 9 |
| 6 | 28 th Aug | JZ | Debt Markets II – Government Debt | Chapters 10 and 12 |
| 7 | 3 th Sep | | <i>Mid Session Exam</i> | |
| 8 | 11 th Sep | DL | Foreign Exchange Markets | Chapters 15 and 16 |
| 9 | 18 th Sep | DL | Derivative Markets I | Chapter 18 |
| | | | <i>Mid Session Break</i> | |
| 10 | 2 rd Oct | | Public Holiday No Lecture | |
| 11 | 9 th Oct | DL | Derivative Markets II | Chapter 18 and 19 |
| 12 | 16 th Oct | DL | Derivative Markets III | Chapter 19 and 20 |
| 13 | 23 th Oct | DL | Derivative Markets IV (Swaps) | Chapter 20 |
| 14 | 30 th Oct | DL | Review | - |
| | | | <i>Final Examination</i> | |

* This lecture outline is subject to change. Students will be able to download the lecture slides from the WebCT subject site before the relevant lecture, at the discretion of the lecturer.