



## CARLETON UNIVERSITY

### BUSI 4505A

## GLOBAL FINANCIAL MARKETS & INSTITUTIONS

### COURSE OUTLINE - WINTER 2015

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INSTRUCTOR	Dr. Samuel Asiedu	PHONE	613-520-2600 ext. YYYY
CLASS TIME	Wednesdays 6:05PM to 8:55PM	E-MAIL	samuel.asiedu@carleton.ca
CLASS ROOM	Canal Building 3400	OFFICE	DT: YYYY

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### GLOBAL FINANCIAL MARKETS AND INSTITUTIONS

Comprehensive view of the world's financial markets and institutions. The primary focus will be on the purpose and practice of financial institutions, and the specifics of the financial instruments available to the firm and investor.

### PREREQUISITES

Students enrolling in this course must meet the following prerequisites: [BUSI 2505](#) with a grade of C+ or higher, [STAT 2606](#) and [ECON 2009](#) with a grade of C- or higher in each.

**The School of Business enforces all prerequisites.**

### COURSE DESCRIPTION

Financial markets and institutions continue to evolve, being driven by the forces of innovation, globalization and deregulation. These forces have (i) led to the deepening of the integration of financial markets, (ii) improved the efficiency of the operation of global financial markets, and (iii) increased the institutionalization of the financial markets through a shift from the retail investor to domination by financial institutions such as pension funds and commercial banks.

This course examines the various dimensions of the global financial markets in respect of its principal economic function of (i) transferring investible funds between markets and across

jurisdictions (ii) providing the mechanism of price determination of financial assets (iii) creating liquidity (iv) reducing the cost of transacting or exchanging of financial assets.

The course also examines the complex organizing and efficiency roles financial institutions play in making financial markets work. The course will further examine the structure of the financial system including the roles of central banks, financial intermediaries, international financial institutions, financial innovation such as e-finance and the regulation of financial institutions to minimize systemic failures.

### **COURSE OBJECTIVES**

The purpose of this course is to accomplish the following:

- a) Convey concepts, tools and frameworks fundamental to the understanding of the global financial markets and the institutions that ensure their well-functioning.
- b) Use real life cases and current market events and issues to illustrate how financial markets and institutions work in the real world for the practicing manager.

### **LEARNING OUTCOME**

On successful completion of this course the participant will have mastered the fundamental financial market concepts and techniques, and acquired the skill and ability to apply these techniques to financial problem-solving and decision-making in a global financial market context. The skills developed through this course will further the participant's career and understanding of global financial events and provide a better understanding of the controversies surrounding hotly debated global financial issues.

### **COURSE DELIVERY FORMAT**

The pedagogical approach adopted in this course is a combination of (i) lectures, augmented by (ii) in-class discussion of current market issues (iii) in-class case reviews and discussion (iv) presentation of team project by students.

Each class will commence with 15-30 minutes in-class discussion of current global financial market topical issues of the week gleaned from the news sources. Each student is required to come to class prepared to discuss at least one key global financial market issue of the week. It will be followed by a 1 hour to 1.25 hours of lecture on the concepts and frameworks of the topic for the day, in accordance with the required textbook. There will be a 15 minutes intermission. The break will be followed by completion of the lecture and working of problems related to the topic of the week, to reinforce what has been learned. The last 30-minutes of the class will be devoted to discussion of the mini case for the week.

### **REQUIRED TEXT**

Textbook (Required): Foundation of Financial Markets and Institutions, Frank J. Fabozzi, Franco Modigliani, Frank J. Jones, 4<sup>th</sup> Edition (2010), Prentice Hall. ISBN-10: 0136135315; ISBN-13:9780136135319 - ('FM&J')

## **ADDITIONAL RESOURCE**

Textbook (Recommended): Financial Markets and Institutions, Frederic S. Mishkin, Stanley Eakins, 8<sup>th</sup> Edition (2015), Prentice Hall. ISBN-10: 013342362X; ISBN-13: 9780133423624 – ('M&E')

## **RECOMMENDED FINANCIAL MARKET NEWS RESOURCES**

CNBC – Market Insider

McKinsey – Global Capital Markets

Commentary from the Federal Reserve System

Commentary from the Bank of Canada

LCD Global Research Market Commentary

The Securities Industry and Financial Markets Association (SIFMA)

Global Financial Markets Association (GFMA)

National Post

Globe and Mail

The Economist

The Wall Street Journal

The Financial Times

Bloomberg News

## **COURSE EVALUATION**

<b>Required</b>	<b>Type</b>	<b>Date</b>	<b>Marks</b>
Evaluation 1	In-class Participation		10%
Evaluation 2	Quiz 1	Jan 28	10%
Evaluation 3	Mid-term Examination	Feb 25	20%
Evaluation 4	Quiz 2	Mar 25	10%
Evaluation 5	Project Presentation	April 1	20%
Evaluation 6	Final Examination	TBD	30%
Total			100%

### ***Participation***

This is based not only on class attendance (attending each class and arriving on time and staying for the entire class), but also value-added contribution to in-class discussion such as provision of relevant examples or opinions being discussed or answering instructor's questions.

### ***Quizzes***

The quizzes will focus on the concepts, tools and frameworks of global financial markets and institutions discussed from the relevant readings of the course as presented through lectures and in-class discussion. The quizzes will be based on the multiple choice format.

### ***Current Global Financial Market Issue/Topic of the Week***

Each student will come to class ready to discuss at least one global financial market topic of the week, gleaned from any of the various news sources. In preparing for the discussion of the topical issue, students must be ready to orally (i) describe briefly the key components of topical issue (ii) itemize the key implication(s) of the issue on participants of the global financial market and the institutions that run it (iii) state your personal opinions and conclusions you can draw from the topical issue.

### ***Case Reviews***

The Case or Mini-case for the respective week will be identified by the Instructor and must be read prior to coming to the class. In preparation for the discussion of the case, students must be ready to orally (i) state the facts of the case (ii) discuss response to the questions accompanying the case (iii) articulate their personal opinion of the application of the concepts of the Course to the Case. The Case will first be discussed in a group setting and each group will provide their views to the general class.

### ***Project Presentation***

The presentation will be based on group work and the topics will be agreed on by the instructor. Each member of the team will participate fully in the preparation of the assignment and the presentation. Hardcopies will be handed to the instructor prior to the presentation. A soft copy of the presentation should be e-mailed to the instructor on the day of the presentation. The grade for the group will be based on the following:

- Content – The content must be relevant and meaningful and cover all important points of the topic.
- Presentation – The presentation must have a clear structure, logical order and easy to be followed by the audience.
- Format – Presentation handouts and materials projected on the screen must be professional, with no spelling or grammatical errors.
- Delivery – The presenters must make the materials interesting to the audience, with clear explanations and examples where appropriate. Presenters must provide correct and meaningful answers to questions posed during the oral presentation.

### ***Mid-term Examination***

Students who miss the Mid-Term Examination for legitimate reasons can apply to have their Mid-Term grade weighting added to the weighting for the Final Examination. There will be no make-up Mid-Term Examination. Students who miss the Mid-Term Examination without valid reasons will receive zero marks. Mid-Term Examination will comprise of questions from topics covered in class up to the last class before the Examination.

### ***Final Examination***

The Final Examination will cover the entire course topics. Students who miss the Final Examination must apply for possible deferred examination privileges.

	<b>Date</b>	<b>Topics</b>	<b>Chapters</b>
<b>1</b>	January 7	Globalization of financial markets; Why study financial markets and institutions; Overview of the Financial System	FM&J 1, 2
<b>2</b>	January 14	Depository Institutions, the Federal Reserve and Monetary Policy Tools and Tactics	FM&J 3, 4, 5
<b>3</b>	January 21	Pricing of financial assets, Risk Return and Asset Pricing Models	FM&J 9, 12
<b>4</b>	January 28	Interest Rate determination and the Term Structure of Interest rates  <b>Quiz # 1</b>	FM&J 10, 11
<b>5</b>	February 4	Organization and Structure of the Financial Markets	FM&J 13, 14
<b>6</b>	February 11	Markets for Corporate Securities (Stocks)	FM&J 17, 18
	February 18	<b>Winter Break – No Classes</b>	
<b>7</b>	February 25	Markets for Corporate Senior Instruments (Debt Obligations)  <b>Mid-term Examination</b>	FM&J 19, 20, 21
<b>8</b>	March 4	Mortgage and Securitized Asset Markets - Residential & Commercial Mortgages; Mortgage-Backed Securities Market; Asset-Backed Securities Market	FM&J 22-25
<b>9</b>	March 11	Markets for Derivative Securities – Future, Options and how they are priced	FM&J 26, 27, 28
<b>10</b>	March 18	Markets for Derivative Securities – Interest Rates, Credit Derivatives, Foreign Exchange	FM&J 30, 31, 32
<b>11</b>	March 25	Financial Institutions, Industry and Market Regulations  <b>Quiz # 2</b>	M&E 17, 18
<b>12</b>	April 1	Project Presentation	

## **ADDITIONAL IMPORTANT INFORMATION**

### **Policy on Mobile Devices**

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

### **Required calculator in BUSI course examinations**

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### **Group Work**

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

### **Medical Certificate**

In all occasions that call for a medical certificate you must use or furnish the information required in the standard university form. A simple doctor's note is sufficient.

[http://www1.carleton.ca/registrar/ccms/wp-content/ccms-files/med\\_cert.pdf](http://www1.carleton.ca/registrar/ccms/wp-content/ccms-files/med_cert.pdf)

### **Person with Disabilities**

Students with disabilities requiring academic accommodations in this course are encouraged to contact a co-ordinator at the Paul Menton Centre for Students with Disabilities to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the first in-class test or ITV midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please refer to <http://www.carleton.ca/pmc/> for all PMC information.

### **Religious Observance**

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

### **Pregnancy**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a *letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

### **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

### **Letter Grade System**

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52

F = Below 50 WDN = Withdrawn from the course

ABS = Student absent from final exam

DEF = Deferred (See above)

FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam

### **Academic Regulations, Accommodations, Plagiarism, Etc.**

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity>

## IMPORTANT DATES AND DEADLINES

January 5, 2015	University reopens.
	Winter-term classes begin.
January 16, 2015	Last day for registration for winter term courses.
	Last day to change courses or sections (including auditing) for winter term courses.
	Graduate students who have not electronically submitted their final thesis copy to the Faculty of Graduate and Postdoctoral Affairs will not be eligible to graduate in winter 2015 and must register for the winter 2015 term.
January 31, 2015	Last day for withdrawal from winter term and winter portion of fall/winter courses with full fee adjustment.
February 13, 2015	April examination schedule available online.
February 16, 2015	Statutory holiday. University closed.
February 16-20, 2015	Winter Break, no classes.
March 1, 2015	Last day for receipt of applications from potential spring (June) graduands.
	Last day for receipt of applications for admission from candidates who wish to be guaranteed consideration for financial assistance (including Carleton fellowships, scholarships and teaching assistantships) administered by Carleton University. Candidates whose applications are received after the March 1 deadline -may- be considered for the award of a fellowship, scholarship, or teaching assistantship.
March 6, 2015	Last day to submit, to the Paul Menton Centre for Students with Disabilities, Formal Examination Accommodation Forms for April examinations.
April 3, 2015	Statutory holiday. University closed.
April 8, 2015	Winter term ends.
	Classes follow a Friday schedule.
	Last day of fall/winter and winter term.
	Last day for academic withdrawal from fall/winter and winter term courses.
April 9-10, 2015	No classes or examinations take place.
April 11-23, 2015	Final examinations in winter term and fall/winter courses may be held. Examinations are normally held all seven days of the week.
April 15, 2015	Winter Co-op Work Term Reports are due.
May 16, 2015	Graduate students who have not electronically submitted their final thesis copy to the Faculty of Graduate and Postdoctoral Affairs will not be eligible to graduate in spring 2015 and must register for the summer 2015 term.
June 8-18, 2015	Fall/winter and winter term deferred final examinations will be held.