



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

**CARLETON UNIVERSITY
FINANCE
BUSI 4505/ Section A
2020/ Winter
Global Financial Markets & Institutions**

Instructor: Samuel Asiedu, PhD (Finance), CFA, CPA

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Office Hours: TBC

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Course meets: Tuesday 6:05pm to 8:55pm

Pre-requisites & precluded Courses:

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.

Course Calendar description from the 2019/2020 University calendar:

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.

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.

Learning Outcomes:

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.

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 market events and provide a better understanding of the controversies surrounding hotly debated global financial market issues.

Reading(s)/Textbook(s)/Required Materials:

Textbook (Required): Financial Markets and Institutions, Frederic S. Mishkin, Stanley Eakins, 9th Edition (2018), Prentice Hall. ISBN-10: 0134734378; ISBN-13: 9780134734378 – ('M&E')

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

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 Requirements & Methods of Evaluation (including due dates):

The pedagogical approach adopted in this course is a combination of (i) lectures, augmented by (ii) in-class discussion of current financial 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 various 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.

Course Evaluation

Required	Type	Date	Marks
Evaluation 1	In-class Participation and Case Discussion		10%
Evaluation 2	Quiz 1	January 28	10%
Evaluation 3	Mid-term Examination	February 25	20%
Evaluation 4	Quiz 2	March 24	10%
Evaluation 5	Project Presentation	March 31	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 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 opinions 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, Quizzes & Presentations

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. The only valid excuse for missing the midterm is for medical reasons or death in the family and must be documented with a medical certificate. Any other reason (such as travel, etc) will not be considered. In such circumstances, separate arrangements may be made. 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. There will be no make-up Quizzes and Presentation.

Final Examination

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

Course Schedule:

	Date	Topics	Chapters
1	January 7	Globalization of financial markets; Why study financial markets and institutions; Overview of the Financial System	FM&J 1, 2 or M&E 1, 2
2	January 14	Depository Institutions, the Federal Reserve and Monetary Policy Tools and Tactics	FM&J 3, 4, 5 or M&E 7, 8, 9, 10
3	January 21	Pricing of financial assets, Risk Return and Asset Pricing Models	FM&J 9, 12 or M&E 3, 6
4	January 28	Interest Rate determination and the Term Structure of Interest rates Quiz # 1	FM&J 10, 11 or M&E 4, 5
5	February 4	Organization and Structure of the Financial Markets; Treasury and Agency Securities	FM&J 13, 14, 15 or M&E 22
6	February 11	Markets for Corporate Securities (Stocks)	FM&J 17, 18 or M&E 13
	February 18	Winter Break – No Classes	
7	February 25	Markets for Corporate Senior Instruments (Debt Obligations) Mid-term Examination	FM&J 19, 20, 21 or M&E 11, 12
8	March 3	Mortgage and Securitized Asset Markets - Residential & Commercial Mortgages; Mortgage-Backed Securities Market; Asset-Backed Securities Market	FM&J 22-25 or M&E 14
9	March 10	Markets for Derivative Securities – Future, Options and how they are priced	FM&J 26, 27, 28 or M&E 24
10	March 17	Markets for Derivative Securities – Interest Rates, Credit Derivatives, Foreign Exchange	FM&J 30, 31, 32 or M&E 15, 24
11	March 24	Financial Institutions, Industry and Market Regulations Quiz # 2	M&E 17, 18
12	March 31	Project Presentation	

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

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, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor 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.

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			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

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/>

Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known

to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

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; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, 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: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

Important Information:

- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean's approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

January 3, 2020

University reopens at 8:30 a.m.

January 6, 2020

Winter term classes begin.

January 14, 2020

OSAP deferral deadline. **Late payment charges and late registration charges** applied to the student account on or after this date for eligible OSAP students.

January 17, 2020

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 2020 and must register for the winter 2020 term.

January 17-19, 24-26, 2020

Fall term deferred examinations will be held.

January 31, 2020

Last day for a **fee adjustment** when withdrawing from winter term courses or the winter portion of two-term courses (financial withdrawal). Withdrawals after this date will create no financial change to winter term fees and will result in a permanent notation of WDN appearing on your official transcript.

February 14, 2020

April examination schedule available online.

February 17, 2020

Statutory holiday. University closed.

February 17-21, 2020

Winter Break. Classes are suspended.

March 1, 2020

Last day for receipt of applications for admission to an undergraduate program for the summer term.

Last day for graduate students to submit their supervisor-approved thesis, in examinable form to the department.

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 (Graduate students only).

Application deadline to study at another institution on a **letter of permission** for the summer term.

March 13, 2020

Last day to request formal exam accommodations for April examinations to the **Paul Menton Centre for Students with Disabilities**. Note that it may not be possible to fulfill accommodation requests received after the specified deadlines.

March 24, 2020

Last day for summative tests or examinations, or formative tests or examinations totaling more than 15% of the final grade, in winter term or fall/winter courses before the official examination period (see **examination regulations** in the Academic Regulations of the

University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar).

April 1, 2020

Last day for receipt of **applications** from potential spring (June) graduates.

April 7, 2020

Last day to pay any remaining balance on your Student Account to avoid a hold on access to marks through Carleton Central and the release of transcripts and other official documents. An account balance may delay summer 2020 course selection.

Winter term ends.

Last day of winter term and fall/winter classes.

Last day for academic withdrawal from winter term and fall/winter courses.

Last day for handing in term work and the last day that can be specified by a course instructor as a due date for term work for winter term and fall/winter courses.

Last day for take home examinations to be assigned, with the exception of those conforming to the **examinations regulations** in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar.

April 8-9, 2020

No classes or examinations take place.

April 10, 2020

Statutory holiday. University closed.

April 13-25, 2020

Final examinations in winter term and fall/winter courses may be held. Examinations are normally held all seven days of the week.

April 25, 2020

All take-home examinations are due on this day, with the exception of those conforming to the **examinations regulations** in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar.
