



**BUSI4505A – Global Financial Markets and Institutions
Winter 2018**

**Thursdays: 8:35 am - 11:25 am
Venue: Mackenzie Building 4494**

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Office Hours: Wednesday 3:00-5:30pm

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

The forces of digitalization, globalization and deregulation continuously affect the flow of funds between savers and spenders, and the distribution of risks and returns in the financial system. 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 functions of (i) transferring investible funds between markets and across jurisdictions (ii) providing the mechanism of price determination of financial assets (iii) creating liquidity and (iv) reducing the transaction costs of financial assets.

We will examine the role of money in the economy, the functions that financial markets perform, and their interrelationships. For instance, recent trends in financial innovations are changing both the instruments that are traded and the institutions that are active in these markets. The course provides a framework for understanding the complex organizing and efficiency roles financial institutions play in making financial markets work. In the process, students will develop a clear and robust understanding of the structure of the financial system including the roles of central banks, financial intermediaries, international financial institutions and digital financial innovations. In particular, the course highlights the importance of the oversight functions of financial regulators and policymakers in minimizing systemic failures.

Course Objectives:

- ✚ Articulate a wide variety of trends in the global financial markets using the relevant concepts, tools and frameworks that underpin them.
- ✚ Effectively analyze and provide nuanced insights on issues affecting the global financial markets and the institutions that ensure a well-functioning system.
- ✚ Use real-world cases and current market events and issues to illustrate how financial markets and institutions work for the practicing manager.

Learning Outcomes:

On successful completion of this course, the participant will have mastered the key concepts, tools and techniques of financial markets, and acquired the skills and ability to apply these techniques to 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.

Required Text

Financial Markets and Institutions, Frederic S. Mishkin, Stanley Eakins, 8th Edition (2015), Prentice Hall. ISBN-10: 013342362X; ISBN-13: 9780133423624 – ('ME')

In addition to assigned readings, students are advised to read articles from the following financial markets news resources:

- ✚ National Post
- ✚ Fortune Magazine
- ✚ Globe and Mail
- ✚ Forbes
- ✚ The Economist
- ✚ Reuters
- ✚ The Wall Street Journal
- ✚ Bloomberg News

- ✚ The Financial Times
- ✚ McKinsey
- ✚ Global Capital Markets
- ✚ CNBC – Market Insider
- ✚ LCD Global Research
- ✚ Securities Industry and Financial Markets Association
- ✚ Commentary from the Federal Reserve System
- ✚ Commentary from the Bank of Canada
- ✚ Global Financial Markets Association

Grading Scheme:

Type	Date	Marks
In-class Participation		10%
Assignment 1	February 1	10%
Midterm Exam	March 1	20%
Assignment 2	March 29	10%
Final Report and Presentation	April 5	20%
Final Exam	To be determined	30%
Total		100%

Preparation and Participation:

The course design assumes that you will attend all the classes and review all assigned readings. I will be allocating points for attendance, so I strongly encourage you to attend classes. I will also introduce supporting and tangential material not included in cuLearn. For a complete understanding of the topics and to achieve excellent grades, you should plan to attend all classes. To help you achieve your course objectives, preparation and class participation – in addition to attendance – are an important part of your grade. This includes, among other things, arriving on time for all classes and being fully prepared to participate in class activities and discussions. Preparation and participation grades will range from 0 to 10 %, depending upon performance. Further details are available on cuLearn.

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.

Project Presentation:

I am flexible about what constitutes a project; what is important is to see that you have applied the concepts and methods learned in class to analyze a Case and draw meaningful insights. The project will be based on group work and the instructor will approve the topics beforehand. Each member of the team will participate fully in the preparation of the final report and the presentation. Students are required to submit their reports by email before the class meeting, and come to class with a hard copy. For more details on the Case, including how to prepare for Case discussions, see guidelines on cuLearn.

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.

Groups:

Students will be required to form groups; each group will comprise of a maximum of five students. Dependent upon class size, exceptions may be permitted whereby for instance, a student without a group may be assigned to a group or a student may be asked to switch groups, all at the professor's discretion. These groups will collectively carry out Assignment 1, Assignment 2, the final report and in-class presentation.

Students are responsible for selecting their group partners and the group is expected to self-govern to ensure the quality of all deliverables, independently resolving any conflicts within the group. It is strongly recommended that students seek diversified and complementary skill sets in their prospective group partners; for instance, students with varied work experiences and backgrounds. The group assignments provide students with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. The resources at <http://sprott.carleton.co/wp-content/files/Group-Work-Resources.pdf> are recommended.

A peer evaluation for the final report will be required from all students, and will be taken very seriously in assigning grades. For instance, up to 5% may be deducted from a student's final grade if he or she received a poor peer evaluation from the majority of

members in the group. The peer evaluation form is available on cuLearn. Group members are encouraged to independently resolve any conflicts; however, in the event of an irreconcilable conflict, students may be asked to switch groups, all at the professor's discretion. Further details are available on cuLearn.

Assignments:

Assignments are an important component of the learning. It is important that assignments are submitted on time. Two group assignments (each worth 10%) will be completed. Students are required to submit their assignments by email before the class meeting, and come to class with a hard copy. Further details are available on cuLearn.

Midterm Examination:

The purpose of the midterm exam is to provide meaningful feedback to help students reflect on their learning for improved achievement. Missed midterm weights cannot be added to the final exam weight automatically. Students who miss the midterm exam for legitimate reasons (e.g. medical or family emergency) can apply to have a make-up exam or have the weight of the missed midterm added to the final exam. Students who miss the midterm exam without valid reasons will receive zero marks. Midterm exam will comprise of questions from topics covered in class up to the last class before the exam.

Final Examination:

The final exam will cover the entire syllabus. Students who miss the final exam must apply for possible deferred examination privileges. Permission may be granted when the absence is supported by a medical certificate and/or appropriate document/s to support the reason for the deferral.

Course Schedule*:

Week	Date	Topic/Agenda	Readings	Due Dates
1	Jan. 11 th	Why Study Financial Markets and Institutions? Overview of the Financial System	ME: Chapters 1-2	
2	Jan. 18 th	What Do Interest Rates Mean and What Is Their Role in Valuation? Why Do Interest Rates Change?	ME: Chapters 3-4	

3	Jan 25 th	How Do Risk and Term Structure Affect Interest Rates? Are Financial Markets Efficient?	ME: Chapters 5-6	
4	Feb. 1 st	Why Do Financial Institutions Exist? Why Do Financial Crises Occur and Why Are They So Damaging to the Economy?	ME: Chapters 7-8	Assignment 1 Due
5	Feb. 8 th	Central Banks: The Federal Reserve System; Bank of Canada Conduct of Monetary Policy: Tools, Goals, Strategy, and Tactics	ME: Chapters 9-10	
6	Feb. 15 th	Financial Markets (I) : Money Markets, Bond Market, Stock Market and Mortgage Markets	ME: Chapters 11-14	
	Feb. 22 nd	Winter Break – No Classes		Winter Break – No Classes
7	Mar. 1 st	Financial Markets (II): Foreign Exchange Market	ME: Chapter 15	Midterm Exam
8	Mar. 8 th	Financial Markets (II): Foreign Exchange Market Financial Markets (III): International Financial System	ME: Chapter 16	
9	Mar. 15 th	Financial Services Industry (I): Structure, Competition and Regulation	ME: Chapters 17-18	
	Mar. 22 nd	Financial Services Industry (II): Structure, Competition and Regulation Digital Disruption in the Financial	ME: Chapter 19	

		Services Industry		
11	Mar. 29 th	Risk Management in Financial Institutions Financial Crises in Emerging Market Economies	ME: Chapter 23	Assignment 2 Due
12	Apr. 5 th	In-class Presentations		Final Report Due In-class Presentations
Final Exam	TBD	Final Exam		TBD

* While every attempt will be made to keep to this schedule, instructor reserves the right to change the schedule as necessary. Any changes will be announced in class.

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 Spratt 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, Accommodations, 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/>

Requests for Academic Accommodations

For Students with Disabilities:

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*).

Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

For Religious Obligations:

Students requesting academic accommodation on the basis of religious obligation 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 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 and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

For 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; 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 <http://carleton.ca/ccs/students/>
