



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

CARLETON UNIVERSITY

FINANCE
BUSI 4505/ Section A
Winter 2021

Global Financial Markets & Institutions

Instructor: William Clements
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Office Hours: TBA
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TA: TBA
Modality: Synchronous 3-hour lectures (live) and Asynchronous (the lectures will be recorded)

Course Meets: Tuesday 18:05-20:55

Technical Requirements: Zoom lectures and video recording viewer

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.

Lecture three hours a week.

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 the global financial institutions and financial markets 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: International Financial Management, 9th Edition, by Eun, Resnick, Chuluun, published by McGraw-Hill. ISBN 978-1-260-57532-6

Recommended Financial Market News Resources

Commentary from the Federal Reserve System

Commentary from the Bank of Canada

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) assignments based on current financial challenges and/or opportunities; and (v) mid-term and final exams.

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.

Course Evaluation

Required	Type	Date	Marks
Evaluation 1	In-class Participation and Case Discussion	Continuing	10%
Evaluation 2	Assignment Project I	16 February	20%
Evaluation 3	Mid-term Examination	2 March	20%
Evaluation 5	Assignment Project II	6 April	20%
Evaluation 6	Final Examination	TBD	<u>30%</u>
	Total		100%

Participation

This is based on class attendance (attending each class and arriving on time and staying for the entire class), and also value-added contribution to in-class discussion such as provision of relevant examples or opinions being discussed or answering instructor's questions.

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. Your professor will also circulate themes for discussion a few days in advance of each class.

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) explain 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.

Mini-Case Reviews

The 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.

Assignment Projects

Students will submit two Assignment Projects during the term. These will be reasonably short analysis on current macro themes or on specific opportunities in global finance. Your professor will provide a list of three or four topics for each assignment. The Projects are to be completed and submitted in groups of three or four students.

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. 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.

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:

Session	Date	Topics	Chapters
1	12 January	Chapter 1 – Globalization and the Multinational Firm; Chapter 2 – International Monetary System	1 2
2	19 January	Chapter 8 – FOREX and Transaction Exposure (review) Chapter 9 – FOREX and Economic Exposure (review) Chapter 10 – FOREX and Translation Exposure	8 9 10
3	26 January	Chapter 11 – International Banking and Money Markets	11
4	2 February	Chapter 12 – International Bond Markets	12
5	9 February	Chapter 13 – International Equity Markets Chapter 15 – International Portfolio Investment	13 15
	16 February	Winter Break – No Classes	
6	23 February	Chapter 16 – FDI and Cross-Border Acquisitions First Assignment is due	16
7	2 March	Chapter 17 – International Capital Structure	17
8	9 March	Mid-term Examination	
9	16 March	Chapter 18 – International Capital Budgeting	18
10	23 March	Chapter 19 – Multinational Cash Management	19
11	30 March	Chapter 20 – International Trade Finance	20
12	6 April	Chapter 21 – International Taxation and Transfer Pricing Second Assignment is due	21

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/>

** Note that the office is physically closed. However, e-drop in is available between 8:30-4:30 until social distancing requirements are updated by the Province.*

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/>