

**FINA 5524 Z**  
**Financial Markets & Institutions**  
**Summer 2024**

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**Office:** NI 7010  
**Office Hours:** By appointment only – available most weeknights virtually

**Class Meeting:** Wednesday, 11:35 AM – 2:25 PM

**Course Calendar Description (from 2023 calendar):** Examines the form and function of various financial institutions and their role in the intermediation process as suppliers of funds as well as the form and function of specific financial markets.

**Course Prerequisites:** Enrolment in Master of Finance program

**Course Description:** Financial markets and institutions continue to evolve, being driven by the forces of innovation, globalization and deregulation. These forces have led to the deepening of the integration of financial markets, improved their efficiency of operation and have led to their increasing institutionalization (with financial institutions like pension funds and commercial banks dominating financial markets). This course examines the various dimensions and functions of global financial markets: transferring investible funds between markets and across jurisdictions, providing the mechanism of price determination of financial assets, creating liquidity and reducing the cost of transacting/exchanging of financial assets. The course also examines the complex roles global financial institutions play in organizing and streamlining financial markets to make them work properly. 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 fintechs and the regulation of financial institutions to minimize systemic failures.

**Course Learning Objectives:**

1. Convey concepts, tools and frameworks fundamental to the understanding of global financial markets and institutions that ensure their proper functioning.
2. 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.
3. Master the fundamental financial market concepts and techniques and acquire the ability to apply these techniques to financial problem-solving and decision-making in a global financial market context.
4. Further students' understanding of global financial market events and provide a better understanding of the controversies surrounding hotly debated global financial market issues.

**Required Materials:** Saunders, Cornett & Erhemjamts, Financial Markets & Institutions, 8<sup>th</sup> Edition. McGraw-Hill, 2022

**Final Exam Date:** August 16, 2024, 6:00 PM – 9:00 PM

**Drop Course Policy:** The deadline for academic withdrawal is the last day of classes (each term)

**Grading Scheme:**

|                                |             |
|--------------------------------|-------------|
| <b>Group Cases</b>             |             |
| Case 1 – 2008 Financial Crisis | 15%         |
| Case 2 – Silicon Valley Bank   | 15%         |
| <b>Quizzes (x2)</b>            | 25%         |
| <b>Participation</b>           | 10%         |
| <b>Final Exam</b>              | 35%         |
| <hr/>                          |             |
| <b>TOTAL</b>                   | <b>100%</b> |

Each component of your grade will be assigned a percentage score. Your final course grade will be a weighted average of each of these components.

- **Group Cases:** in teams of three (3), students will be provided two (2) case studies throughout the shortened semester touching on some of the latest and most significant events to affect financial markets and institutions in recent years. Group Cases are scheduled to be assigned Classes 1 (July 3 – due July 16 at 11:59pm) and 3 (July 17 – due July 30 at 11:59pm). Case questions to answer and other response parameters will be provided when respective quizzes are assigned.

See **Peer Evaluation for Group Work** below for details on how this will be evaluated. An online form will be provided on Brightspace for students to submit their peer evaluations.

- **Quizzes:** two (2) multiple-choice quizzes will be administered throughout the shortened semester, inspired by materials delivered in-class and the course textbook. Quizzes are scheduled for Classes 3 (July 17) and 5 (July 31) and are designed to be staggered with other MFin courses this semester. Quizzes will generally consist of 10 to 20 multiple-choice questions. Quizzes will be administered at the start of class and students will have approximately 20-30 minutes to complete each quiz.
- **Participation:** students are expected to attend every lecture (unless written approval is received in advance to miss a lecture). At the end of each lecture, students will be given 5-10 minutes to answer 2 to 3 questions (multiple-choice or short answer) based on the lecture content covered to demonstrate their understanding of material. Participation will be assessed this way every class for all six (6) lectures, with each assessment being equally weighted (so 1.67% per lecture).
- **Final Exam:** similar to the quizzes, the final exam will consist of 35 to 50 multiple-choice questions inspired by materials delivered in-class and the course textbook. The final exam is schedule for August 16, 2024, from 6:00 PM to 9:00 PM.

**Late Assignments:**

To ensure fairness for all students, penalties will be applied to late assignments: Failure to submit an assignment on time will result in an initial penalty of five (5) percentage points, followed by an additional (2) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 75% if submitted after the deadline on the due date, 73% if submitted the following day, and so on. Requests for extension will be considered in cases of illness, family emergency, or other exceptional circumstances.

**Missed Assignments and Term Work:**

Students who miss an assignment or term work due to illness, injury or other extraordinary circumstances beyond their control are responsible for immediately informing the instructor and for making alternate arrangements to complete the assignment/term work. In all instances, this must occur no later than three (3) working days after the term work was due. The alternate arrangement must be made before the last day of classes in the term. Normally, any deferred term work will be completed by the last day of term.

**Deferred Final Examination:**

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor in writing to request a deferred exam. 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.

**Preparation and Participation:**

The success of the course depends on active, thoughtful participation by students through contributions to course discussions. See the Course Schedule below. The expectation is that students will attend course sessions having completed required readings and thought through/analyzed the cases, articles and/or discussion topics assigned for the class per the schedule. This will enable students to participate more easily in any discussions and/or break-out sessions held in class. I highly encourage everyone to participate actively and to ask lots of questions. When possible, we will use breakout sessions to allow small groups to briefly discuss various cases, articles and/or topics prior to moving into full class discussions.

**Brightspace:**

Brightspace will be used in this course. It is critical to use this learning tool on a regular basis. We will be using Brightspace as follows:

- To post video and/or PowerPoint lectures and seminar documents
- To communicate with students on a regular basis (e-mail, announcements, etc.)
- To submit assignments and case plans
- To post problems or readings
- To post notes of an administrative nature or updates to the course outline, if required

To access Brightspace, type in the following URL: <https://carleton.ca/brightspace/>

**Contribution to Program Learning Goals (MFin):**

| <b>MFIN Learning Goal</b>   | <b>Not Covered</b> | <b>Introduced</b> | <b>Taught but Not Assessed</b> | <b>Taught and Assessed</b> |
|---|--------------------|-------------------|--------------------------------|----------------------------|
| <b>MF1 Ethical and Professional Conduct</b><br><i>Graduates will conduct themselves in alignment with the CFA Code of Ethics and Standards of Professional Conduct.</i> |                    | <b>X</b>          |                                |                            |
| <b>MF2 Financial Markets, Institutions, and Instruments</b><br><i>Graduates will demonstrate an understanding of financial markets, instruments, and institutions.</i>  |                    |                   |                                | <b>X</b>                   |
| <b>MF3 Portfolio Management</b><br><i>Graduates will understand the motivations of investors and manage an investment portfolio that achieves those objectives.</i>     | <b>X</b>           |                   |                                |                            |
| <b>MF4 Data Analysis</b><br><i>Graduates will be proficient in data management, analytics, and modeling.</i>  | <b>X</b>           |                   |                                |                            |
| <b>MF5 Communication</b><br><i>Graduates will be effective communicators.</i>   |                    |                   |                                | <b>X</b>                   |

## 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).

### Recommended Calculator for 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. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or 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.

#### Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him/her/themself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the other group members might allocate few points to that member and more to others. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation. Lastly, to enable the Instructor to stay on top of any group performance issues, students will be asked to complete three peer evaluations throughout the semester, the first two of which will formative (and the last summative).

### Letter Grades:

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  | F = Below 50 |
| A = 85-89   | B = 73-76   | C = 63-66   | D = 53-56   |              |
| A - = 80-84 | B - = 70-72 | C - = 60-62 | D - = 50-52 |              |

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**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **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](mailto: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. <https://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: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable

accommodation will 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: <https://students.carleton.ca/course-outline/>

### **Academic Integrity:**

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—are a serious academic offence, 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. **For a first offence, at a minimum the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

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/>

### **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: <https://carleton.ca/csas/>

### **Other 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 can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

**COURSE SCHEDULE – TENTATIVE/SUBJECT TO CHANGE\***

- Participation
- Group Case
- Exam or Quiz

| Day  | Topic/Agenda   | Required Reading  | Deliverables  |
|--|--|---|---|
| <b>PART I – INTRODUCTION &amp; MAJOR MARKETS</b> |  |   |   |
| <b>Class 1</b><br>July 3,<br>2024                | Part 1 – Introduction <ul style="list-style-type: none"> <li>● Introduction to financial markets and institutions</li> <li>● The Federal Reserve system, monetary policy and interest rates</li> </ul> | Chapters 1, 2, 3 and 4 – <i>however, our focus will really be on Chapters 1 and 4</i>   | Participation (1.67%)   |
| <b>Class 2</b><br>July 10,<br>2024               | <ul style="list-style-type: none"> <li>● Overview of the different <u>markets where financial instruments trade</u> – money, bond, mortgage, stock, forex and derivative markets</li> </ul>            | Chapters 5, 6, 7, 8, 9 and 10 – <i>please skim with a focus on the markets in which financial instruments are traded (not the instruments themselves)</i> | Participation (1.67%)<br>Group Case 1 – 2008 Financial Crisis (15%) |
| <b>PART II – COMMERCIAL BANKS</b>                |  |   |   |
| <b>Class 3</b><br>July 17,<br>2024               | <ul style="list-style-type: none"> <li>● Commercial banks and how they are regulated</li> </ul>  | Chapters 11, 12 and 13  | Participation (1.67%)<br>Quiz 1 (12.5%)                             |
| <b>Class 4</b><br>July 24,<br>2024               | <ul style="list-style-type: none"> <li>● Other lending institutions</li> </ul>   | Chapter 14  | Participation (1.67%)<br>Group Case 2 – Silicon Valley Bank (15%)   |
| <b>PART III – OTHER FINANCIAL INSTITUTIONS</b>   |  |   |   |
| <b>Class 5</b><br>July 31,<br>2024               | <ul style="list-style-type: none"> <li>● Other financial institutions: insurance companies, securities firms and investment companies</li> </ul>   | Chapters 15, 16 and 17  | Participation (1.67%)<br>Quiz 2 (12.5%)                             |
| <b>Class 6</b><br>August 7,<br>2024              | <ul style="list-style-type: none"> <li>● Other financial institutions: pension funds and fintechs</li> </ul>   | Chapters 18 and 19  | Participation (1.67%)   |
| <b>August 16, 2024 – Final Exam (35%)</b>        |  |   |   |

\*Please note that while every attempt will be made to keep to the schedule listed above, unforeseen circumstances may necessitate changes to the schedule ad hoc throughout the semester