

ACCG837: CAPITAL MARKETS

Lecturer: Siang Chang

Semester 1

Year 2009

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT OUTLINE**

Year and Semester: 2009 Semester 1

Unit convenor: Siang Chang

Prerequisites: Basic knowledge of financial maths

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

The objective of this unit is to provide an overview of the operation of the capital markets in Australia. The financial institutions are described and the securities offered by these institutions are reviewed. Emphasis is placed on the financial instruments available to companies and investors from the equity, debt and derivative markets.

TEACHING STAFF

Siang CHANG Mobile: 0411 954 519
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Consultation time By arrangement

CLASSES

There will be eleven lectures and two exams.

The lectures will be:

Tue Room E4B 314, 2pm to 5pm
Tue Room E4B 314, 6pm to 9pm
Fri Room E4B 314, 1pm to 4pm

RECOMMENDED TEXT

C. Viney, Financial Institutions, Instruments and Markets, McGraw-Hill, Fifth edition, 2007

UNIT WEB PAGE

<http://learn.mq.edu.au>

STEPS:

LOGIN

Type in USERNAME and PASSWORD

Click on ACCG837

Students are advised to check the unit website regularly, and ensure that all material posted on the website can be accessed without difficulties. If you are unable to access any of the material on the website, check with your classmates first before notifying your lecturer of the problem.

TEACHING AND LEARNING STRATEGY

The lecture notes, the multiple-choice questions (MCQ), and answers to selected essay questions are available on the unit web site.

Answers to the MCQ may contain error. It is important that students work through the MCQ, and examine the answers given. Do not blindly accept the answers. Correction will be posted on the unit website regularly as the error is discovered.

Students are advised to keep up to date with the MCQ and the essay questions, as at least 65% of the exam questions will be based on them.

Make sure you have the same version of material as that in the WebCT.

There will be an individual project to be handed in during Lecture 12. This will require you to research a topic (maximum 3000 words) related to Capital Markets in Australia and based on recent events no later than three years old. See Attachment 1 for some examples.

The exams are conducted during class time. The mid-semester exam will cover material from Ch 1 to 6, and the final exam will cover the remaining material. You are strongly advised to sit for the exam at the class time you have enrolled for, a change of exam time will be very difficult to arrange.

CALCULATOR

Calculators will be allowed in the exams, and students are advised to bring their calculators to class.

If you are planning to use a programmable calculator, make sure that you obtain approval from the lecturer before using it in the exams. You are expected to show all workings for your calculations.

All calculations should be to two decimal places, excessive rounding will be penalised.

ASSESSMENT

Individual Project	20%
Mid-session examination	40%
Final examination	40%

To pass the unit, you are required to:

1. obtain at least 40 out of 80 for the two exams, and
2. obtain an overall mark of at least 50%

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at

<http://www.reg.mq.edu.au/Forms/APSCon.pdf>

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

LECTURE PROGRAM

	WEEK STARTING		CHAPTER
Lecture 1	22 nd Feb 2009	The financial system	1
Lecture 2	1 st March 2009	The banking sector	2
Lecture 3	8 th March 2009	Non-bank financial Institutions	3
Lecture 4	15 th March 2009	The sharemarket and the corporation	4
		Corporations issuing equity in the share market	5
Lecture 5	22 nd March 2009	Corporations issuing equity in the share market	5
		Investors in the share market	6
Lecture 6	29 th March 2009	Short-term debt	9
Lecture 7	5 th April 2009 See Note 1.	Medium-to-longer term debt	10
Lecture 8	26 th April 2009	Mid-Semester exam Ch 1 to 6 (To be confirmed-TBC)	
Lecture 9	3 rd May 2009	Futures contracts and forward rate agreements	18
Lecture 10	10 th May 2009	Options markets	19
Lecture 11	17 th May 2009	Government debt, monetary policy and the payments system	12
Lecture 12	24 th May 2009	An introduction to interest rate determination and forecasting	13
Lecture 13	31 st May 2009	Final Exam (Ch 9,10, 12, 13, 18,19-TBC)	

Note 1: There will be no lectures on 10th April, a substitute lecture will be conducted on 24th April. Exact time and place will be confirmed in class and announced in the unit website.

ATTACHMENT 1-EXAMPLES OF PROJECT TOPIC

The project should research events related to Capital Markets in Australia and based on recent events that are no later than three years old. 50% of the report must be related to the Capital Markets in Australia, and the remaining from any other countries if necessary.

You may not copy any material from textbooks, although you may use any other reference material. e.g. magazines, newspapers, websites, company reports etc. A qualitative approach is preferred, and extensive quantitative analysis is not encouraged.

Some topics of interest are as follows:

1. Capital Raising activities in Australia
2. Australian Government Economic policies
3. Post Subprime development in the Capital markets
4. Types of Financial crises in Australia
5. Comparison of the Australian response to the subprime crises vs other countries
6. Comparison of current financial crises vs previous crises
7. Corporate failures
8. Changes in the Risk Management regulations and policies
9. Development of the Superannuation Industry
10. Development of the Real Estate (mortgage, housing) market

The report must not exceed 3000 words, and the following format is suggested.

1. Use Portrait orientation
2. Use Times New Roman font, size 12 points
3. Use 1.5 spacing
4. Use A4 paper, single or double sided
5. Staple at the top left hand corner
6. Do not put the report in plastic sleeves or folders

The report must contain the following:

1. Cover page-including Course name, Title of report, Full name and Student ID.
2. Content
3. Executive Summary-A one page summary of the key findings of your research
4. Introduction-Provide a road map of how the report is structured
5. Body-Use as many headings as possible. Do not combine too many issues under one heading
6. Conclusion and Recommendation-This is not a summary, but to state some of the key issues you have found from the research, and any recommendation you may have as a result of your research.
7. Bibliography: You may use any system for referencing, a helpful guide can be found at: http://www.usq.edu.au/library/Breeze/Fac_Business/HarvardAGPS/