



ECO361- Financial Markets and Institutions

Basic Information:

Instructor Name	Dr. Xiaoting Wei
Home Institution	Australian National University
Instructor Title	Associate Lecture
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Office	TBA
Office Hours	TBA, and by appointment

Course Description:

This course introduces students to the financial markets environment in which business organizations operate. The main financial markets to be covered in the course include the equity, money, bond, futures, options and foreign exchange markets. The course provides insights into the operation of the financial system, different financial institutions and types of finance. Students are expected to distinguish between types of financial markets and institutions according to their main functions and identify the range of financial products and services offered by financial institutions. Students will have the opportunity to describe and illustrate the price, yield and discount rate of financial instruments, and identify the techniques involved in the use of derivative instruments. This course combines a theoretical and empirical approach with comparisons being made between the domestic and overseas financial systems.

On completion of this course students should:

- Understand the Australian banking system and describe the role of regulatory bodies in regulating how banks manage their capital.
- Describe the types of equity securities that companies can use to raise capital and how the securities can be listed and traded on the stock exchange.
- Apply different valuation techniques to determine share prices.
- Describe the characteristics of different types of debt securities and be able to price them.
- Describe different theories of how interest rates are determined and explain the relationship between the determining factors.
- Understand the mechanics and conventions of the foreign exchange market and the motivation of different participants in trading foreign currencies.
- This involves: (1) Reading, interpreting and transposing FX quotations. (2) Calculating cross-rates. (3) Identifying the factors that determine the value of a currency.
- Gain an understanding of the characteristics of derivatives instruments (futures and options contracts), the different motivations for their use and how they are traded.
- Specifically you should: (1) Recognize which types of futures/options contracts to use to hedge various risk exposures. (2) Appreciate the various risks involved in trading derivative instruments. (3) Describe the factors that determine the pricing of derivative instruments.
- Posses the ability to discuss the link between the theory of financial markets and the reports in the financial press.



Four activities occur over the whole term. These are:

1. ***Class participation and discussion.*** For each chapter students will have 10-20 multi choice questions to complete at home and then discuss in class the following session. Students will be assessed individually based on their contribution to class discussion.
2. ***Group assignment.*** The length of the paper is 3000 words. Topics and materials will be provided and discussed in class. The oral presentation of the group assignment will be between 10 to 15 minutes in length and must be accompanied by a brief written outline.
4. ***Class tests.*** Two 50-minute tests that will contain either multiple choice questions and/or short answer questions.
5. ***Final Exam.*** A 100-minute test consisting of multi-choice questions and short answer questions.

Required Course Materials:

Textbook	Edition	Author	Publisher	ISBN-10
Financial Institutions Instruments and Markets	7th Edition	Christopher Viney	McGraw-Hill Education	0071012419
Link to e-book purchase address: https://www.amazon.com/Financial-Institutions-Instruments-Markets-Christopher/dp/0071012419/ref=sr_1_1?ie=UTF8&qid=1487304212&sr=8-1&keywords=0071012419				
China's financial markets in the 2000s and beyond*	1 st Edition	KB Oh and Lilai Xu	SASS Press	9787552000634
Link to e-book purchase address: https://www.amazon.com/Chinas-Financial-Markets-Beyond-Chinese/dp/7552000635/ref=sr_1_1?ie=UTF8&qid=1487304243&sr=8-1&keywords=9787552000634				

*: This book is used as a reference book for the topic on Chinese financial markets.

Course Hours:

The course has 15 class sessions in total. Each class session is 160 minutes in length. The course meets from Monday to Friday. Each course has a total of 40 class hours. A reading day for students is on 7th Feb, 2018. Final exam will be on 8th Feb, 2018.

Year Level:

The 3rd year.

Prerequisite:

None

Course Schedule:

Week	Session	Day	Topic (s)	Chapter(s)	Homework
Week 1	14 Jan, 2018	Sun	Orientation		
	15 Jan, 2018	M	Financial institutions (I)	1-2	Mix of multiple choice and short answer questions
	16 Jan, 2018	T	Financial institutions (II)	3	Mix of multiple choice and short answer questions
	17 Jan, 2018	W	Equity market (I)	4-5	Mix of multiple choice and short answer questions



	18 Jan, 2018	TH	Equity market (II)	6-7	Mix of multiple choice and short answer questions
Week 2	22 Jan, 2018	M	Corporate debt market (I)	8-9	Mix of multiple choice and short answer questions
	23 Jan, 2018	T	Corporate debt market (II)	10	Mix of multiple choice and short answer questions
	24 Jan, 2018	W	Class test (I) ; class discussion		Group assignment preparation
	25 Jan, 2018	TH	Government debt market and monetary policy	12	Mix of multiple choice and short answer questions
Week 3	29 Jan, 2018	M	Chinese financial markets		Group assignment preparation
	30 Jan, 2018	T	Foreign exchange market (I)	15	Mix of multiple choice and short answer questions
	31 Jan, 2018	W	Foreign exchange market (II)	16	Mix of multiple choice and short answer questions
	1 Feb, 2018	TH	Class test (II) ; class discussion		Group assignment preparation
	2 Feb, 2018	F	Derivative markets (I)	18	Mix of multiple choice and short answer questions; group assignment preparation
Week 4	5 Feb, 2018	M	Directive markets (II)	19-20	Mix of multiple choice and short answer questions; group assignment preparation
	6 Feb, 2018	T	Group assignment presentation; general review		
	7 Feb, 2018	W	Reading Day		Exam Preparation
	8 Feb, 2018	TH	FINAL EXAM		

Evaluation:

Assessment in the course is based on class participation, group assignment, class tests and final exam as per the following details. Further details of evaluation in the course will be discussed in the introductory lecture.

Grading Policies:

Part	Percentage	Points
Attendance	10%	10
Class participation	10%	10
Group assignment	25%	25
Class tests	20%	20
Final exam	35%	35
Course Total	100%	100 Points



Grade Distribution:

Letter Grade	Grade Points
High Distinction	85-100
Distinction	75-84
Credit	65-74
Pass	50-64
Fail	0-49

Exam Policy

1. This is a closed book exam, worth 35% of the total assessment of the course.
2. Candidates must answer all questions.

Academic Integrity

SISU expects honesty from students in presenting all of their academic work. Students are responsible for knowing and observing accepted principles of scholarly research and writing in all academic work.

Academic dishonesty or cheating includes acts of plagiarism, forgery, fabrication or misrepresentation, such as the following:

- claiming the work or thoughts of others as your own
- copying the writing of others into your written work without appropriate attribution
- writing papers for other students or allowing them to submit your work as their own
- buying papers and turning them in as your own
- having someone else write or create all or part of the content of your assignments
- submitting the same paper for more than one study or class without explicit permission from the faculty members

General Principles

SISU is committed to principles of trust, accountability, clear expectations and consequences. It is also committed to redemptive efforts, which are meaningful only in light of these principles. Students will be granted due process and the opportunity for an appeal.

Academic dishonesty offenses generally are subject to incremental disciplinary actions. Some first offenses, however, receive severe penalties, including dismissal from the program.

General Disciplinary

The following is a non-comprehensive list of possible actions apart from dismissal from the program: warning from a professor, program director; a lower or failing grade on an assignment, test or course; suspension or dismissal from the course; suspension or dismissal from the program.

Disciplinary Actions for Specific Offenses

Some academic dishonesty offenses call for specific disciplinary actions. The following have been identified:

Falsification of documents: Students who falsify or present falsified documents may be dismissed. Prospective students who are discovered to have presented falsified admission documents prior to admission shall be denied admission to the program. Should it be discovered after admission that a student had presented falsified documents for admission, such admission may be annulled and the record of academic achievement removed from the academic record, with appropriate notations. Such annulments or denials may be reviewed after one year.



Dishonesty in course requirements: Course work (a quiz, assignment, report, mid-term examination, research paper, etc.) in which a student has been dishonest generally will receive zero points towards the grade in fulfillment of a course requirement, and/or the student may receive a failing grade for the course. The professor of the course determines the appropriate consequence.

Final assignment: When a student cheats in a major or final assignment such as a comprehensive examination or presents plagiarized material in a major or final assignment, that student shall receive an F in that particular subject. Student cheats on more than two exams shall be dismissed from SISU.