Bus 498 - Capital Markets and Financial Institutions
Sept. 5 – Dec. 6, 2018

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540.7 Education Building Email: youngsoo.kim@uregina.ca

Class Schedule:

<table>
<thead>
<tr>
<th>Class</th>
<th>Section</th>
<th>Day</th>
<th>Time</th>
<th>Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus 498</td>
<td>001</td>
<td>MW</td>
<td>8:30 am – 9:45 am</td>
<td>Ed 558</td>
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</tbody>
</table>

Objective and Overview: This course examines the way capital markets function and the pivotal role played by financial institutions. In particular, this course looks into financial markets and institutions, risk management, and risk-return tradeoffs available to investors.


Course requirements: The course requirements are given in the table below.

<table>
<thead>
<tr>
<th>Remark</th>
<th>weight</th>
<th>Remark</th>
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</thead>
<tbody>
<tr>
<td>exam 1</td>
<td>15%</td>
<td>in class, Oct. 3, 2018 (Wed)</td>
</tr>
<tr>
<td>exam 2</td>
<td>25%</td>
<td>in class, Nov. 5, 2018 (Mon)</td>
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<tr>
<td>final exam</td>
<td>40%</td>
<td>*9am, Dec 10, 2018 (Mon)</td>
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<tr>
<td>Assignments/quizzes/cases</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Attendance</td>
<td>5%</td>
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Note: *To be confirmed by the Registrar’s office

I offer an alternative weight of 5%-5%-70% which will be applied to exam 1, exam 2, and final exam, respectively. I will take the higher mark of the two grading schemes.

For grading, I will abide by the following guideline (section 5.10) in the Calendar:

90-100: An outstanding performance
80-89: Very good performance
70-79: Above average performance
60-69: A generally satisfactory and intellectually adequate performance
50-59: A barely acceptable performance
0-49: Unacceptable performance

All exams are cumulative. Materials for exam include all topics discussed in class which could be in lecture notes, quiz, assigned questions and additional readings. Materials in the textbook that are not covered in one of the above sources will not be on the exam.
**Attendance/Class handouts:** Section 5.3 of the Academic Calendar: “When the persistent lateness or absence of a student jeopardizes the learning or the evaluation of the work of other students in the course, the student may be subject to penalty, including being dropped from the course or being barred from writing the final examination. One written warning will be provided to the student before such action is taken.”

Given the importance of regular attendance, I assign 5% of the course grade to the attendance. The following rules will apply:

(i) You will get a mark of **zero** for attendance if the following behaviors occur more than eight times in total (e.g., missing five classes, late for two classes, and texting once):
   - (a) missing a class
   - (b) being late for a class
   - (c) not focusing on class materials and/or being disruptive to other students, i.e., texting, emailing, internet surfing, talking, etc.

(ii) Course grade will **go down by 20% point**, i.e., from 83 to 63, if those behaviors listed in section (i) above occur more than 12 times in total.

If you miss a class, it is your responsibility to obtain notes, assignments, hand-outs and any information from your classmate, not from me.

For assignments or exams, I will make two attempts to return those to you. After that, you will need to pick them up at my office during the office hours.

**Absence from exams:** If you miss exams without legitimate reasons (as defined in the Academic Calendar), you will get a zero mark for the missed exams. If you miss exams with legitimate reasons, the following rules apply, provided that you submit **within three business days** from exam date

   - (i) an email or a note to explain your absence from exam and
   - (ii) documents to substantiate your absence from the exam (i.e., doctor’s note).

If you do not submit (i) and (ii) **within three business days** from exam date, you will get a zero mark for the missed exams.

- Missing the first or second exam: the weight will move **evenly** to remaining exam(s).
- Missing both exam 1 and 2: **A make-up exam will be given at 8:30 am, Nov. 16, Friday.**
- Missing final exam: You must get approval from the Faculty for a deferred exam.

**Reviewing and regrading of exam/assignments:** It is a student’s responsibility to compare exam/assignments with the solution. You may submit the regrading request in writing with your exam/assignments within **five business days** from the first day I return exams. Late submissions will not be accepted. I reserve the right to re-grade entire exam/assignments.
Cancellation of paper after exam: A request for change in exam mark after the fact, when an examination has been written and the paper handed in for marking, will be denied. If a student reports extenuating circumstances after the exam to change the weight on the exam, to cancel the exam, to re-take the exam, or to supplement the course grade with additional work, such requests or similar requests will be denied. This follows the University policy in the Calendar.

A student who becomes seriously ill or is informed of urgent family problems during an examination should report immediately to the person supervising the examination, hand in the unfinished paper, and request that it be cancelled.

A dated, signed medical certificate or, for family problems, other supporting documentation must be provided to the Undergraduate Program office (final examinations) or instructor (mid-term examinations) within three days following the date of the examination. Deferred examination policies and procedures apply to cancelled final examination.

Quizzes and assignments: One quiz/assignment with the lowest mark will be dropped.

Academic and non-academic misconduct: Any acts of plagiarism, cheating or misrepresentation are viewed as serious offences within the University community. Students who commit academic and non-academic misconducts in this course will face serious consequences. See Student Behaviour.

Pre-requisite material: I require students to be familiar with materials in Bus 290 (Managerial Finance), Bus 285 (Introductory financial accounting), Stat 100, and bus 395 (corporate finance).

It is your responsibility to refresh your memory on topics covered in those courses and other background materials. Note that free tutoring service is available at the Student Success Centre at Room 230 Riddell Centre.

Microsoft Excel: Basic knowledge in Excel at the level of Bus 007 is required. Excel is useful for doing complicated financial calculations, e.g., finding the present value, and yield to maturity.

Course topics: The list is provided to give you a full "menu" of possible topics. We will not be able to cover all topics below. Any changes will be announced in class.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Chapter</th>
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<tbody>
<tr>
<td>Part I</td>
<td>The financial services industry</td>
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<tr>
<td></td>
<td>1-7</td>
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<tr>
<td></td>
<td>Why are financial intermediaries special?</td>
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<td>Depository institutions</td>
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<td>Finance companies</td>
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<td>Securities brokerage and investment banking</td>
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<td>Mutual funds and hedge funds</td>
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<td>Insurance</td>
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<td></td>
<td>Risks of financial institutions</td>
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<tr>
<td>Part II</td>
<td>Measuring Risk</td>
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<td>8-17</td>
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### Interest rate risk I and II

### Credit risk

### Liquidity risk

### Foreign exchange risk

### Sovereign risk

### Market risk

### OBS risk

### Technology and other operational risks

#### Part III Managing Risk

- Liability and liquidity management
- Capital adequacy
- Futures and forwards
- Options and Swaps

### Office Hours and how to reach me:
- **Office hours:** Tuesday 2 – 3 pm
- **Exceptions:** 9-10 am on Oct. 9 and Nov. 6
  2-3 pm on Nov. 15, Thursday
- **Drop in during office hours.**
- **Make an appointment.** Email me at **youngsoo.kim@uregina.ca**.

### URCourses: I will extensively use URCourses. Students are responsible to check URCourses frequently to obtain lecture notes and other materials.

### Emails: My email address is **youngsoo.kim@uregina.ca**. I will try to respond to your emails in two business days. Please put "Bus 498" in the subject line. If not, my response could get significantly delayed. **Do not send emails from URCourses.** I do not use the URCourses email.

### Recording of lectures and use of electronic devices: Recording is permitted only with the prior written consent of the instructor or if recording is part of an approved accommodation plan. If permitted, the recording is solely for the personal use of the student to enhance their understanding of the lecture material.

Students should use their electronic devices only for accessing course-related materials. No texting, checking/sending out emails and accessing the internet (except for accessing the class-related materials) are allowed.

### Special Needs Services: For those of you with special needs, contact within the next two weeks the Coordinator of Special Needs Services at 585-4631 and me to discuss accommodation of your needs. See **The Centre for Student Accessibility**.

### Counselling Services: Counselling services are available for students free of charge. Contact Counselling Services, Room 251 of Riddell Centre, at 585-4491. See **Student Counselling Services**.