Year and Semester: First Semester, 2011

Unit convenor: Lurion De Mello

Prerequisites: (ECON141 or ECON241 or STAT270 or STAT271) and (ECON200 or ECON201 or ECON203 or ECON204) and (ACCG252 or ACCG253) and (ACST200 or ACST201 or ACST202) and (admission to BAppFin or GPA 2.25) (See http://www.handbook.mq.edu.au/2010/Units/UGUnit/FIN310)

Credit points: 3

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

This unit attempts to provide an understanding of how theory and practice mesh in cutting-edge issues in applied finance. Lectures are mainly presented by leading practitioners from the finance industry that outline and discuss with students the latest models and techniques in use. These are supplemented by lectures from experienced university staff.

TEACHING STAFF

<table>
<thead>
<tr>
<th>Role</th>
<th>Room</th>
<th>Telephone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Convenor / Lecturer</td>
<td>TBC</td>
<td>TBC</td>
<td><a href="mailto:lurion.demello@mq.edu.au">lurion.demello@mq.edu.au</a></td>
</tr>
<tr>
<td>Lurion De Mello</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderator / Lecturer</td>
<td>E4A 433</td>
<td>9850 - 8483</td>
<td><a href="mailto:stefan.trueck@mq.edu.au">stefan.trueck@mq.edu.au</a></td>
</tr>
<tr>
<td>Stefan Trueck</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Lecturers and Staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>See Lecture and Topic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONSULTATION TIMES

Lurion De Mello: Mondays from 3pm to 5pm and by appointment.

Stefan Trueck: Thursdays from 2pm to 4pm and by appointment.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

CLASSES

**Lecture: X5B T1 Monday 6 – 9pm**

The timetable for classes can be found on the University web site at: [http://www.timetables.mq.edu.au/](http://www.timetables.mq.edu.au/)

Classes in FIN310 are composed of a three hour lecture. Unit materials are learnt by attending lectures and through independent learning. The lectures provide a general overview of the topics highlighting a number of concepts and techniques. Further additional reading material will be provided. Students are strongly advised to study the additional reading material provided by the unit convenor and the lecturers and further explore all relevant concepts and techniques.

Students should attend a three-hour lecture every week. Lecture slides will be available prior to the lectures, the Friday of the week before the lectures, at the unit's Web site. The lecture will also be available via ilecture two days after the lecture.

PRIZES

The Financial Services Institute of Australasia, FINSIA, has kindly sponsored a prize of $500 for the most outstanding student in FIN310.
REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

There are no required or recommended texts for FIN310. Notes for each of the lectures will be made available on Blackboard. Additional required readings will also be provided.

TECHNOLOGY USED AND REQUIRED

Blackboard CE6 is an online program available at http://learn.mq.edu.au/ through which students will be able to access resources to assist them throughout the semester. Some slide presentations will be streamlined through iLecture.

UNIT WEB PAGE

The following information will be available on Blackboard:

<table>
<thead>
<tr>
<th>• Unit Outline</th>
<th>• Announcements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lecture slides</td>
<td>• iLecture</td>
</tr>
<tr>
<td>• Information on Assessments</td>
<td>• Staff consultation hours and contact details</td>
</tr>
<tr>
<td>• Selected exercise questions</td>
<td>• Other relevant material</td>
</tr>
</tbody>
</table>

You are strongly encouraged to regularly visit the website and use it as a resource centre to assist with your learning.

If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk located on Level 1 of the Library on 9850 6500. The IT helpdesk will also be able to assist you with using Blackboard. Please note that there is also a help feature in Blackboard and you may refer to this instead for assistance in using Blackboard. If you have contacted the helpdesk in regard to your username and password and you are still unable to login to Blackboard you should then contact the Unit Administrator.

Please remember to log out when you have finished using Blackboard. Failure to do so could result in unauthorised access to your Blackboard account.

LEARNING OUTCOMES / GRADUATE CAPABILITIES

The learning outcomes and graduate capabilities of this unit are:

1. Apply economic and finance theories to practical situations or problems
2. Understand how financial regulation evolves in response to globalization, the introduction of new financial products, financial crises, and other changes affecting the finance industry
3. Understand the limitations of theories and techniques in finance and in particular to be aware of the assumptions upon which the theory and practice is based
4. Become exposed to and gain some working knowledge of the major mathematical and statistical models used in finance with particular emphasis on how these are modified for use within different areas of finance

5. Understand the various ways the finance industry manages risk

6. Understand how financial institutions are run and the influence of the legal and regulatory environment

TEACHING AND LEARNING STRATEGY

The teaching strategy in FIN310 recognises that students learn independently and assume responsibility for the learning process and with academic integrity. Students are expected to participate in the unit by attending lectures, reading the provided material, thoroughly revising the lecture notes and preparing answers to the provided exercise questions and reading additional material about important issues in finance.

What we aim to achieve in FIN310 is deep (as opposed to surface) learning. Thus, learning is interpreted as making sense or abstracting meaning. Learning involves relating parts of the subject matter to each other and to the real world. Further learning is understood as comprehending the world by understanding and re-interpreting knowledge.

The teaching philosophy is articulated as follows:

Lectures – large group learning (3 hour each teaching week)

Lectures are intended to provide an overview of conceptual frameworks and issues in applied finance that are critical to the core themes of the unit.

Independent learning – learning by doing (about 6 hours each teaching week and 9 hours each week during the 2-week mid-semester recess)

FIN310 relies heavily on independent learning where students read the relevant material, revise the lecture notes, prepare answers to the provided exercise questions participate in the discussion board and extend themselves by doing additional reading, questions, exercises and problems.
# Lecture and Topic Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Lecturer and Topic</th>
</tr>
</thead>
</table>
| 1    | 21 February| Mr. Lurion De Mello (Lecturer, Dept. of Applied Finance and Actuarial Studies, Macquarie University)  
**Introduction**  
Mr. Kevin Nixon (Head of Regulatory Reform, Westpac)  
**Global Policy Responses to the GFC** |
| 2    | 28 February| Dr. Stefan Trück (Associate Professor, Dept. of Applied Finance and Actuarial Studies, Macquarie University)  
**Credit Ratings and Probabilities of Default** |
| 3    | 7 March    | Dr. Stefan Trück (Associate Professor, Dept. of Applied Finance and Actuarial Studies, Macquarie University)  
**Power Markets and Electricity Prices** |
| 4    | 14 March   | Dr. Pavel V. Shevchenko (Principal Research Scientist CSIRO Mathematics, Informatics and Statistics)  
**Operational Risk Capital Modelling** |
| 5    | 21 March   | Mr. Mark Hancock (Precept Investment Actuaries Pty Ltd)  
**Equity Analysis** |
| 6    | 28 March   | Ian Macoun, CFA (Managing Director, Pinnacle Investment Management Limited)  
**Running Funds Management Firms as Businesses** |
| 7    | 4 April    | *Mid-semester test (6.15 to 7.15pm)*  
**Advanced Financial Modelling (7.30pm to 9pm)** |
| 8    | 25 April   | Easter Holiday (no classes)                                                        |
| 9    | 2 May      | Dr. Yuriy Kravvych (Manager, Internal Capital Modelling, Insurance Australia Group (IAG))  
**Finance and Insurance** |
| 10   | 9 May      | Mr. Elmar Broscheit (Manager, Macquarie Capital Advisers)  
**Venture Capital Investments** |
| 11   | 16 May     | Mr. Connor Lynch (Dealing Room Risk Manager, Financial Markets & Treasury Risk, Westpac Institutional Bank).  
Mr. Tim Dun (Director, Quantitative Analysis, Financial Markets and Treasury Risk Management, WIB Risk, Westpac Banking Corporation)  
**Managing Market Risk** |

Tuesday, 22 February 2011
Marianne Robinson (Manager of Compliance Services, DLA Phillips Fox)  
*Regulatory and Compliance Issues*

Mr. Lurion De Mello (Lecturer, Dept. of Applied Finance and Actuarial Studies Macquarie University)  
*Revision Lecture*

### RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

<table>
<thead>
<tr>
<th>Assessment Task 1</th>
<th>Assessment Task 2</th>
<th>Assessment Task 3</th>
<th>Assessment Task 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title/Name</td>
<td>Early Semester Quiz</td>
<td>Mid-Semester Test</td>
<td>Late Semester Quiz</td>
</tr>
<tr>
<td>Description (including length or similar if applicable)</td>
<td>Online Quiz administered through Blackboard</td>
<td>50 minute in class multiple choice test</td>
<td>Online Quiz administered through Blackboard</td>
</tr>
<tr>
<td>Due date</td>
<td>Week 4</td>
<td>Week 7</td>
<td>Week 10</td>
</tr>
<tr>
<td>% Weighting</td>
<td>5%</td>
<td>30%</td>
<td>5%</td>
</tr>
<tr>
<td>Grading method</td>
<td>Automatically, Blackboard</td>
<td>Computer</td>
<td>Automatically, Blackboard</td>
</tr>
<tr>
<td>Submission method</td>
<td>Blackboard</td>
<td>In Class</td>
<td>Blackboard</td>
</tr>
<tr>
<td>Learning/Graduate outcomes assessed</td>
<td>1, 2, 4, and 5</td>
<td>1, 2, 3, 4, and 5</td>
<td>1-6</td>
</tr>
<tr>
<td>Grading method</td>
<td>Automatically, Blackboard</td>
<td>Computer</td>
<td>Automatically, Blackboard</td>
</tr>
<tr>
<td>Submission method</td>
<td>Blackboard</td>
<td>In Class</td>
<td>Blackboard</td>
</tr>
<tr>
<td>Feedback</td>
<td>Via Blackboard Week 5</td>
<td>Via Blackboard Week 8</td>
<td>Via Blackboard Week 11</td>
</tr>
<tr>
<td>Estimated student workload</td>
<td>5 Hours</td>
<td>1 Hour</td>
<td>5 Hours</td>
</tr>
<tr>
<td>Learning/Graduate outcomes assessed</td>
<td>1, 2, 4, and 5</td>
<td>1, 2, 3, 4, and 5</td>
<td>1-6</td>
</tr>
</tbody>
</table>
Examinations

A final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and
ii) the student has attained the knowledge and skills tested in the exam.

A 3 hour final examination for this unit will be held during the University Examination period.

The University Examination period for Semester 1, 2011 is from 6th June to 24th June.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. 
http://www.timetables.mq.edu.au/exam

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. The University’s policy on special consideration process is available at
http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties’ Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: 
http://www.mq.edu.au/policy/docs/examination/policy.htm

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

• all academic work claimed as original is the work of the author making the claim
• all academic collaborations are acknowledged
• academic work is not falsified in any way
• when the ideas of others are used, these ideas are acknowledged appropriately.
Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

**GRADES**

Please refer to relevant Bachelor Degree rule in the Handbook of Undergraduate Studies.

**GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING**

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.


**SPECIAL CONSIDERATION**

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

**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.

**IT CONDITIONS OF USE**

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.
Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.