

MN10403: Financial Markets International Context Spring 2010.

Required Textbook:

Financial Markets and Institutions : by Peter Howells and Keith Bain.

Assessment will be by Coursework and Exam. The coursework will count for 30% of the marks, and the exam will count for 70% of the marks.

The coursework will consist of an individual essay of maximum 3000 words (see below for essay list).

The Exam is a 2 hour closed book exam; consisting of the following:

Section A: Essay Section (Answer 2 from 5 questions: Each essay is worth 35 marks).

Section B: Numerical Section (1 compulsory question: worth 30 marks).

Lecture structure:

| Lecture | Topic | Chapter |
|-----------------|--|--|
| 1 | Introduction to the Financial System | 1 |
| 2 | The Financial System and the Real economy | 2 |
| 3 | Deposit-taking Institutions | 3 |
| 4 | The Money Markets | 5 |
| 5 | The capital markets 1 | 6 |
| 6 | The capital markets 2 | 6 |
| 7 | Exchange Rate Risk, Derivatives and Speculation | 9 |
| Easter Vacation | | |
| 8 | Exchange rate risk, derivatives, and speculation (continued) | 9 |
| 9 | FSA: Case-studies | Articles on CBA and Market-cleanliness |
| 10 | Financial Market Failure and Financial Crises | 12 |
| 11 | The regulation of financial markets | 13 |

You will be required write one of the following essays (which counts for 30% of the overall course-mark):. Maximum 3000 words:

1. “A main function of the financial system is that it transfers wealth efficiently from lenders to borrowers, thus enabling great wealth-creation in the economy” Discuss this statement, with particular reference to asymmetric information and moral hazard.
2. Discuss the role of the Bank of England in the UK banking system.
3. Discuss the factors that affect the behaviour of security prices.

I will allocate your essay to you at the second lecture. The deadlines for the essays are as follows:

Essay 1: 5th March 2010.
Essay 2: 12th March 2010.
Essay 3: 26th March 2010

You are required to hand in your essay to the School office by 3pm on the deadline day.

RF February 9th 2010.