

# EF3333: FINANCIAL SYSTEMS, MARKETS AND INSTRUMENTS

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## Part I Course Overview

**Course Title**

Financial Systems, Markets and Instruments

**Subject Code**

EF - Economics and Finance

**Course Number**

3333

**Academic Unit**

Economics and Finance (EF)

**College/School**

College of Business (CB)

**Course Duration**

One Semester

**Credit Units**

3

**Level**

B1, B2, B3, B4 - Bachelor's Degree

**Medium of Instruction**

English

**Medium of Assessment**

English

**Prerequisites**

CB3410 Financial Management or FB3410 Financial Management

**Precursors**

Nil

**Equivalent Courses**

EF4333A Financial Systems, Markets & Instruments

**Exclusive Courses**

CB3044 Introduction to Financial Markets

## Part II Course Details

**Abstract**

This course aims to develop students' ability to analyze the structure, operations and functions of financial markets and institutions in Hong Kong and other leading financial centres. Students will work on current issues and consolidate what

they learn in the classroom. The short essay, based on current issues, will put students' discovery ability to the test. They will make use of the information they obtain from the case study to analyse current issues.

### Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Provide economic rationales for the existence of financial markets and institutions and analyze the key functions of the various financial markets and institutions;	20	x	x	
2	Analyze the determinants of level of interest rates; contrast the various theories of the term structure of interest rates; discuss the tools, goals and targets of monetary policy conducted by central banks;	30	x	x	x
3	Price the basic financial instruments in the various financial markets and evaluate the principal risks associated with them;	30	x	x	x
4	Discuss and debate the recent global trends in various financial markets.	20	x	x	x

#### A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

#### A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

#### A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

### Teaching and Learning Activities (TLAs)

TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lecture	Lectures, in-class group discussions of various financial articles published in leading journals and newspapers.	1, 2, 3, 4
2	Individual Assignments	Essential practice questions from the textbook are selected by the lecturer to provide students with an understanding of the concepts and theories of specific topics.	2, 3

3	Group project	Students are expected to grasp the meaning of information by interpreting and translating what they learn. Students will find out more about issues such as the relationship between interest rates/ exchange rate and the Hong Kong economy, and the stock and property markets, by analyzing the datasets and market settings. Students are also encouraged to retrieve data from database such as Bloomberg and other online resources. High marks will be given to those who show team effort, creative thinking and reasonable analysis.	2, 3, 4	
4	Midterm test	The mid-term test contains multiple-choice question and short essay questions. The short essays, based on current issues, will reveal students' ability to discover and make use of the case study to carry out an analysis of the current issues.	1, 2, 3	

**Assessment Tasks / Activities (ATs)**

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Individual assignments	2, 3	10	
2	Group projects	2, 3, 4	20	
3	Mid-term test	1, 2, 3	20	

**Continuous Assessment (%)**

50

**Examination (%)**

50

**Examination Duration (Hours)**

2

**Additional Information for ATs**

Students are required to pass both coursework and examination components in order to pass the course.

## Assessment Rubrics (AR)

### Assessment Task

Individual assignments

#### Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

#### Good (B+, B, B-)

Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

#### Fair (C+, C, C-)

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

#### Marginal (D)

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

#### Failure (F)

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

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### Assessment Task

Group projects

#### Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

#### Good (B+, B, B-)

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#### Fair (C+, C, C-)

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

#### Marginal (D)

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

#### Failure (F)

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

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### Assessment Task

Mid-term test

**Excellent (A+, A, A-)**

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

**Good (B+, B, B-)**

Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

**Fair (C+, C, C-)**

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

**Marginal (D)**

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

**Failure (F)**

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

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**Assessment Task**

Examination

**Excellent (A+, A, A-)**

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**Part III Other Information**

**Keyword Syllabus**

1. Financial intermediation.
2. Financial institutions and markets.
3. Money markets and capital markets.
4. Primary and secondary markets.

5. Prices, yields and risk analysis.
6. Commercial banks, investment banks, central banks.
7. Security firms, venture capitalists, insurance companies.
8. Transaction costs, risk sharing and asymmetric information.
9. Open market operation, discount rate and reserve requirements.
10. Clearing and settlement.
11. Asset securitization.

### Reading List

#### Compulsory Readings

Title	
1	Mishkin, F.S. and S.G. Eakins, Financial Markets and Institutions, current edition, Pearson, Addison-Wesley.

#### Additional Readings

Title	
1	Y.K. Ho, R.H. Scott and K.A. Wong (eds), The Hong Kong Financial System, current edition, Oxford University Press.
2	Santomero, A.M. and D.F. Babbel, Financial Markets, Instruments and Institutions, current edition, McGraw Hill.
3	Saunders and M.M. Cornett, Financial Markets and Institutions, current edition, McGraw-Hill.
4	Articles published by central banks, such as Federal Reserves, Bank of England, Bank of Japan, Hong Kong Monetary Authority, Singapore Monetary Authority, People Bank of China and others.
5	Articles published by international financial institutions, such as World Bank, International Monetary Funds, Asian Development Bank, OECD, Bank for International Settlements and others.
6	Articles published by relevant financial organizations in HKSAR, such as Securities and Futures Commission, Hong Kong Exchange and Clearing, HKSAR Office of the Commissioner of Insurance, and others.
7	Lecture notes, newspaper clippings and articles
8	<a href="http://www.adb.org">http://www.adb.org</a>
9	<a href="http://www.worldbank.org">http://www.worldbank.org</a>
10	<a href="http://www.imf.org">http://www.imf.org</a>
11	<a href="http://www.info.gov.hk/hkma">http://www.info.gov.hk/hkma</a>
12	<a href="http://www.sehk.com.hk">http://www.sehk.com.hk</a>