FINS5566
Trading in Financial Securities

Course Outline
Semester 1, 2016

Part A: Course-Specific Information
Part B: Key Policies, Student Responsibilities and Support
# Table of Contents

PART A: COURSE-SPECIFIC INFORMATION  
1  STAFF CONTACT DETAILS .......................... 1 
2  COURSE DETAILS ................................. 1 

| 2.1 Teaching Times and Locations | 1 |
| 2.2 Units of Credit              | 1 |
| 2.3 Summary of Course           | 1 |
| 2.4 Course Aims and Relationship to Other Courses | 1 |
| 2.5 Student Learning Outcomes   | 1 |

3  LEARNING AND TEACHING ACTIVITIES  .... 3 

| □ Approach to Learning and Teaching in the Course | 3 |
| □ Learning Activities and Teaching Strategies   | 4 |

4  ASSESSMENT ..................................... 4 

| 4.1 Assessment Details             | 4 |
| 4.2 Late Submission               | 5 |

5  COURSE RESOURCES ......................... 5 

6  COURSE EVALUATION AND DEVELOPMENT.... 5 

7  COURSE SCHEDULE ......................... 6 

PART B: KEY POLICIES, STUDENT RESPONSIBILITIES AND SUPPORT  ...... 7 

8  PROGRAM LEARNING GOALS AND OUTCOMES  ........ 7 

9  ACADEMIC HONESTY AND PLAGIARISM .......... 8 

10 STUDENT RESPONSIBILITIES AND CONDUCT .... 8 

| 10.1 Workload                        | 8 |
| 10.2 Attendance                      | 9 |
| 10.3 General Conduct and Behaviour   | 9 |
| 10.4 Health and Safety               | 9 |
| 10.5 Keeping Informed                | 9 |

11 SPECIAL CONSIDERATION .................. 9
PART A: COURSE-SPECIFIC INFORMATION

1  STAFF CONTACT DETAILS
Lecturer-in-charge: Dr Natalie Oh
Room 3.44C
Phone No: 9385 9883
Email: Natalie.oh@unsw.edu.au
Consultation Times – TBA (or by appointment)

2  COURSE DETAILS

2.1 Teaching Times and Locations
Lectures start in Week 1 (to Week 12): Wednesday 6-9pm

2.2 Units of Credit
The course is worth 6 units of credit.
There is no parallel teaching in this course.

2.3 Summary of Course
This is an introductory course to financial trading. In this course we study how and why investors trade and the impact of various market structures on the interaction and outcomes of security transactions. We examine existing market structures, types of traders and the strategies they use to achieve their objectives. The course will also introduce the students to the daily activities of a real trading room. The students are introduced to different markets (equity and derivatives). Through the use of class exercises and in-class trading simulations, the students will be exposed to the practical issues related to trading in financial securities.

2.4 Course Aims and Relationship to Other Courses
This course aims to:

1. Increase the students understanding of how financial markets operate
2. Develop students skills in understanding and analyzing financial data
3. Expose the students to the practical issues related to trading in financial securities and to the daily activities of a real trading room.

Prerequisites for the course are COMM5003 and FINS5512

2.5 Student Learning Outcomes
By the end of this course, you should be able to:
1. Outline the main types of market structures, traders and orders (instructions) for the trading of financial securities;
2. Describe the interlocking roles of different types of securities market participants;
3. Interpret and apply theoretical predictions and empirical findings to real world securities markets;
4. Relate the trading motives of traders to observable market outcomes, including market efficiency, why some traders win and others lose etc;
5. Evaluate the economic performance of trading strategies implemented by different investor types;
6. Examine the regulation of the securities trading industry;
7. Acquire practical knowledge of trading strategies through the use of in-class market simulations;

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate coursework students in the Business Faculty. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. ‘be an effective team player’). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. ‘participate collaboratively and responsibly in teams’).

For lists of Program Learning Goals and Outcomes for courses in UG Honours, MBA, MBT and postgraduate research programs, consult your program directors/administrators.

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**Business Undergraduate Program Learning Goals and Outcomes**

1. **Knowledge**: Our graduates will have in-depth disciplinary knowledge applicable in local and global contexts.
   You should be able to select and apply disciplinary knowledge to business situations in a local and global environment.

2. **Critical thinking and problem solving**: Our graduates will be critical thinkers and effective problem solvers.
   You should be able to identify and research issues in business situations, analyse the issues, and propose appropriate and well-justified solutions.

3. **Communication**: Our graduates will be effective professional communicators.
   You should be able to:
   a. Prepare written documents that are clear and concise, using appropriate style and presentation for the intended audience, purpose and context, and
   b. Prepare and deliver oral presentations that are clear, focused, well-structured, and delivered in a professional manner.

4. **Teamwork**: Our graduates will be effective team participants.
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. **Ethical, social and environmental responsibility**: Our graduates will have a sound awareness of the ethical, social, cultural and environmental implications of business practice.
   You should be able to:
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
   b. Identify social and cultural implications of business situations.
The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
<tr>
<td>1 Knowledge</td>
<td>Explain the basic concepts behind trading of financial securities</td>
<td>• Reports</td>
</tr>
<tr>
<td></td>
<td>Use Bloomberg in assisting trading decisions</td>
<td>• In-tutorial Tests</td>
</tr>
<tr>
<td>2 Critical thinking and problem solving</td>
<td>Use the concepts introduced behind trading and applying it in real life example through simulations and presentations</td>
<td>• Exams</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Simulations</td>
</tr>
<tr>
<td>3a Written communication</td>
<td>Construct written work which is logically and professionally presented.</td>
<td>• Reports</td>
</tr>
<tr>
<td>3b Oral communication</td>
<td>Communicate ideas in a succinct and clear manner.</td>
<td>• Presentations</td>
</tr>
<tr>
<td>4 Teamwork</td>
<td>Work collaboratively to complete a task.</td>
<td>• Simulations</td>
</tr>
<tr>
<td>5a Ethical, environmental and sustainability responsibility</td>
<td>Identify and assess trading ethics</td>
<td>• Reports</td>
</tr>
<tr>
<td>5b Social and cultural awareness</td>
<td>Not specifically addressed in this course.</td>
<td></td>
</tr>
</tbody>
</table>

3 LEARNING AND TEACHING ACTIVITIES

- Approach to Learning and Teaching in the Course

Given the practical nature of the course, the teaching approach will be a mixture of lectures, group presentations and in-class market simulations. The lectures will complement the recommended text and readings for the course by (1) outlining the main issues relevant to the topic, (2) reinforcing the analytical material in the required readings, (3) introducing relevant material not adequately covered in the text, and (4) drawing on recent developments in financial markets. A number of case studies will be
used to underscore the important practical implications of the material seen in class. The in-class simulation cases will allow for the students to put into practice the theoretical tools that they have acquired in their finance courses (market efficiency, arbitrage theories…) and obtain a better understanding of the true nature of financial markets.

Learning Activities and Teaching Strategies

In this course the learning occurs in lectures, and computer labs. The trading concepts are introduced and applied through trading simulations. Through group presentations, main securities exchanges around the world will be introduced and also basic theory behind market microstructure. To make the course more practical there are Bloomberg training as well as guest lecturers from the industry.

4 ASSESSMENT

In order to pass this course, you must:

- achieve a composite mark of at least 50; AND
- make a satisfactory attempt at all assessment tasks (see below).

4.1 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation</td>
<td>20%</td>
<td>Week 4-13</td>
</tr>
<tr>
<td>In-class market simulations</td>
<td>30%</td>
<td>TBA</td>
</tr>
<tr>
<td>Mid-semester exam</td>
<td>10%</td>
<td>Week 8</td>
</tr>
<tr>
<td>Bloomberg</td>
<td>5%</td>
<td>Week 7</td>
</tr>
<tr>
<td>Final Examination</td>
<td>35%</td>
<td>UNSW exam period</td>
</tr>
</tbody>
</table>

Description of each assessment component:

Presentation: There will be three components to the presentation.

1. Australian Securities Exchange (due week 3) – 5%
2. Securities exchange of your choice (due week 12) – 5%
3. An empirical literature of your choice (TBA) – 10%

The presentation will be done in groups of 3. Further details will be given during first week of the lecture.

In-class simulations: There are 3 graded in-class simulations. The graded simulations will be held during regular class hours. These will be performed in teams of 3.
Mid-Semester exam: 1-1.5 hour exam will be held in week 8.

Bloomberg: Further details will be announced during 1st week of the lecture

Final exam: This is a 3-hour exam which will consist of both multiple-choice and short-answer/essay questions. The exam venue and scope of coverage will be announced towards the end of the course.

4.2 Late Submission
Late submission will not be marked.

Quality Assurance
The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES

Recommended textbook

Alex Frino and Reuben Segara. 2008. “Trade Execution, Arbitrage and Dealing in Australia” Pearson Education Australia

Other reading materials will be provided as the course progresses

6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process (http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.
# 7 COURSE SCHEDULE

## Lecture Schedule

Lectures start in Week 1 and finish in Week 12.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1 (2 March)</td>
<td>Introduction to Financial Markets</td>
<td>Chpt. 1 (Frino and Segara)</td>
</tr>
<tr>
<td></td>
<td>Introduction to trading/information platforms and to simulation software</td>
<td></td>
</tr>
<tr>
<td>Week 2 (9 March)</td>
<td>Introduction to Financial Markets</td>
<td>Chpt. 1 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 3 (16 March)</td>
<td>Market Microstructure-Market structure settings Guest Lecturer - ASX</td>
<td>Chpt. 1 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 4 (23 March)</td>
<td>Equities trading, impact of transaction costs, and market impact costs</td>
<td>Chpt. 2 (Frino and Segara)</td>
</tr>
</tbody>
</table>

Mid-semester break: Friday 25 March – Saturday 2 April inclusive

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 5 (6 April)</td>
<td>Equities trading, impact of transaction costs, and market impact costs</td>
<td>Chpt. 2 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 6 (13 April)</td>
<td>Guest Lecturer</td>
<td></td>
</tr>
<tr>
<td>Week 7 (20 April)</td>
<td>Mid Semester exam Price Arbitrage</td>
<td>Chpt. 3 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 8 (27 April)</td>
<td>Bloomberg Training</td>
<td></td>
</tr>
<tr>
<td>Week 9 (4 May)</td>
<td>Price Arbitrage Con’t</td>
<td>Chpt. 3 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 10 (11 May)</td>
<td>Dealing and Market Making</td>
<td>Chpt. 4 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 11 (18 May)</td>
<td>Dealing and Market Making Con’t</td>
<td>Chpt. 4 (Frino and Segara)</td>
</tr>
<tr>
<td>Week 12 (25 May)</td>
<td>Exchanges around the World Revision</td>
<td></td>
</tr>
<tr>
<td>Week 13 (1 June)</td>
<td>NO LECTURES</td>
<td></td>
</tr>
</tbody>
</table>

The lecture outline is subject to change. Students will be able to download the lecture slides from the Moodle subject site before the relevant lecture, at the discretion of the lecturer.
8 PROGRAM LEARNING GOALS AND OUTCOMES

The Business School Program Learning Goals reflect what we want all students to BE or HAVE by the time they successfully complete their degree, regardless of their individual majors or specialisations. For example, we want all our graduates to HAVE a high level of business knowledge, and a sound awareness of ethical, social, cultural and environmental implications of business. As well, we want all our graduates to BE effective problem-solvers, communicators and team participants. These are our overall learning goals for you and are sought after by employers.

You can demonstrate your achievement of these goals by the specific outcomes you achieve by the end of your degree (e.g. be able to analyse and research business problems and propose well-justified solutions). Each course contributes to your development of two or more program learning goals/outcomes by providing opportunities for you to practise these skills and to be assessed and receive feedback.

Program Learning Goals for undergraduate and postgraduate students cover the same key areas (application of business knowledge, critical thinking, communication and teamwork, ethical, social and environmental responsibility), which are key goals for all Business students and essential for success in a globalised world. However, the specific outcomes reflect different expectations for these levels of study.

We strongly advise you to choose a range of courses which assist your development of these skills, e.g., courses assessing written and oral communication skills, and to keep a record of your achievements against the Program Learning Goals as part of your portfolio.

<table>
<thead>
<tr>
<th>Business Postgraduate Coursework Program Learning Goals and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts. You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.</td>
</tr>
<tr>
<td>2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues. You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.</td>
</tr>
<tr>
<td>3. Communication: Our graduates will be effective communicators in professional contexts. You should be able to:</td>
</tr>
<tr>
<td>a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and</td>
</tr>
<tr>
<td>b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.</td>
</tr>
<tr>
<td>4. Teamwork: Our graduates will be effective team participants. You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.</td>
</tr>
<tr>
<td>5. Ethical, social and environmental responsibility: Our graduates will have a sound</td>
</tr>
</tbody>
</table>
awareness of ethical, social, cultural and environmental implications of business issues and practice.

You should be able to:

a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and

b. Consider social and cultural implications of business and/or management practice.

9 ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For UNSW policies, penalties, and information to help you avoid plagiarism see: https://student.unsw.edu.au/plagiarism as well as the guidelines in the online ELISE tutorials for all new UNSW students: http://subjectguides.library.unsw.edu.au/elise

To see if you understand plagiarism, do this short quiz: https://student.unsw.edu.au/plagiarism-quiz

For information on how to acknowledge your sources and reference correctly, see: https://student.unsw.edu.au/harvard-referencing

For the Business School Harvard Referencing Guide, see the Business Referencing and Plagiarism webpage (Business >Students>Learning support> Resources>Referencing and plagiarism).

For information for staff on how UNSW defines plagiarism, the types of penalties that apply and the protocol around handling plagiarism cases, see: https://www.gs.unsw.edu.au/policy/documents/plagiarismpolicy.pdf

10 STUDENT RESPONSIBILITIES AND CONDUCT

Students are expected to be familiar with and adhere to university policies in relation to class attendance and general conduct and behaviour, including maintaining a safe, respectful environment; and to understand their obligations in relation to workload, assessment and keeping informed.

Information and policies on these topics can be found in UNSW Current Students ‘Managing your Program’ webpages: https://student.unsw.edu.au/program.

10.1 Workload

It is expected that you will spend at least nine to ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, online activities and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater. Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

We strongly encourage you to connect with your Moodle course websites in the first week of semester. Local and international research indicates that students who engage early and often with their course website are more likely to pass their course.
Information on expected workload: https://student.unsw.edu.au/uoc

10.2 Attendance
Your regular and punctual attendance at lectures and seminars, as well as in online activities, is expected in this course. University regulations indicate that if students attend less than 80% of scheduled classes they may be refused final assessment. For more information, see: https://student.unsw.edu.au/attendance

10.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: https://student.unsw.edu.au/conduct

10.4 Health and Safety
UNSW Policy requires each person to work safely and responsibly, in order to avoid personal injury and to protect the safety of others. For more information, see http://safety.unsw.edu.au/.

10.5 Keeping Informed
You should take note of all announcements made in lectures, tutorials or on the course website. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information. It is also your responsibility to keep the University informed of all changes to your contact details.

11 SPECIAL CONSIDERATION
You must submit all assignments and attend all examinations scheduled for your course. You should seek assistance early if you suffer illness or misadventure which affects your course progress.

General information on special consideration for undergraduate and postgraduate courses:

1. All applications for special consideration must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services > Online Services > Special Consideration). You will then need to submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and other supporting documentation to Student Central. For more information, please study carefully in advance the instructions and conditions at: https://student.unsw.edu.au/special-consideration

2. Please note that documentation may be checked for authenticity and the submission of false documentation will be treated as academic misconduct. The School may ask to see the original or certified copy.

3. Applications will not be accepted by teaching staff. The lecturer-in-charge will be automatically notified when you lodge an online application for special consideration.

4. Decisions and recommendations are only made by lecturers-in-charge (or by the Faculty Panel in the case of UG final exam special considerations), not by tutors.
5. Applying for special consideration does **not** automatically mean that you will be granted a supplementary exam or other concession.

6. Special consideration requests **do not allow** lecturers-in-charge to award students additional marks.

**Business School policy on requests for special consideration for Final Exams in undergraduate and postgraduate courses:**

The lecturer-in-charge will need to be satisfied on each of the following before supporting a request for special consideration:

1. Does the medical certificate contain all relevant information? For a medical certificate to be accepted, the degree of illness, and impact on the student, must be stated by the medical practitioner (severe, moderate, mild). A certificate without this will not be valid.

2. Has the student performed satisfactorily in the other assessment items? Satisfactory performance would require at least make a satisfactory attempt at all other assessments and meeting the obligation to have attended 80% of tutorials.

3. Does the student have a history of previous applications for special consideration? A history of previous applications may preclude a student from being granted special consideration.

**Special consideration and the Final Exam in undergraduate courses:**

Applications for special consideration in relation to the final exam are considered by a Business School Faculty panel to which lecturers-in-charge provide their recommendations for each request. If the Faculty panel grants a special consideration request, this will entitle the student to sit a supplementary examination. No other form of consideration will be granted. The following procedures will apply:

1. Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. The dates for Business School supplementary exams for Semester 1, 2016 are:
   - 12th July – exams for the School of Accounting
   - 13th July – exams for all Schools except Accounting and Economics
   - 14th July – exams for the School of Economics

   If a student lodges a special consideration for the final exam, they are stating they will be available on the above dates. **Supplementary exams will not be held at any other time.**

2. Where a student is granted a supplementary examination as a result of a request for special consideration, the student’s original exam (if completed) will be ignored and only the mark achieved in the supplementary examination will count towards the final grade. Failure to attend the supplementary exam will not entitle the student to have the original exam paper marked and may result in a zero mark for the final exam.

If you attend the regular final exam, you are extremely unlikely to be granted a supplementary exam. Hence if you are too ill to perform up to your normal standard in the regular final exam, you are strongly advised not to attend. However, granting of a
supplementary exam in such cases is not automatic. You would still need to satisfy the criteria stated above.

The Business School’s Special Consideration and Supplementary Examination Policy and Procedures for Final Exams for Undergraduate Courses is available at: www.business.unsw.edu.au/Students-Site/Documents/supplementary_exam_procedures.pdf.

Special consideration and assessments other than the Final Exam in undergraduate courses:
For tasks worth <20%, LICs have flexibility in deciding how to grant extensions and special consideration. Tasks over 20% should in most circumstances go through the online system.

12 STUDENT RESOURCES AND SUPPORT
The University and the Business School provide a wide range of support services for students, including:

- **Business School Education Development Unit (EDU)**
  https://www.business.unsw.edu.au/students/resources/learning-support
  The EDU provides academic writing, study skills and maths support specifically for Business students. Services include workshops, online resources, and individual consultations. EDU Office: Level 1, Room 1033, Quadrangle Building. Phone: 9385 5584; Email: edu@unsw.edu.au.

- **Business Student Centre**
  https://www.business.unsw.edu.au/students/resources/student-centre
  Provides advice and direction on all aspects of admission, enrolment and graduation. Office: Level 1, Room 1028 in the Quadrangle Building; Phone: 9385 3189.

- **Moodle eLearning Support**
  For online help using Moodle, go to: https://student.unsw.edu.au/moodle-support. For technical support, email: itservicecentre@unsw.edu.au; Phone: 9385 1333.

- **UNSW Learning Centre**
  www.lc.unsw.edu.au Provides academic skills support services, including workshops and resources, for all UNSW students. See website for details.

- **Library training and search support services**
  http://info.library.unsw.edu.au/web/services/services.html

- **IT Service Centre**

- **UNSW Counselling and Psychological Services**
  https://student.unsw.edu.au/wellbeing Provides support and services if you need help with your personal life, getting your academic life back on track or just want to know how to stay safe, including free, confidential counselling. Office: Level 2, East Wing, Quadrangle Building; Phone: 9385 5418; Email: counselling@unsw.edu.au

- **Student Equity & Disabilities Unit**
  http://www.studentequity.unsw.edu.au Provides advice regarding equity and diversity issues, and support for students who have a disability or disadvantage that interferes with their learning. Office: Ground Floor, John Goodsell Building; Phone: 9385 4734; Email: seadu@unsw.edu.au