

	<p>The School of Business & Technology</p> <p style="text-align: right;">Course Syllabus</p>																			
<p>Course</p>	<p>FINC 5830 Financial Markets & Institutions</p>																			
<p>Term</p>	<p>FALL I, 2009</p>																			
<p>Catalog Description</p>	<p>Students develop a unified framework for understanding financial intermediaries and markets. They examine the structure, regulation, and operation of banking and non-banking financial institutions; analyze how central bank operations affect financial institutions; and develop an understanding of money and capital markets, the flow of funds through the economy, and the role of financial and futures markets.</p>																			
<p>Prerequisites</p>	<p>FINC 5000</p>																			
<p>Course Level Learning Outcomes</p>	<table border="1"> <thead> <tr> <th data-bbox="464 825 784 856">Outcome</th> <th data-bbox="797 825 1588 856">Expectation</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 863 784 989">1. Students can calculate the value of fixed income securities.</td> <td data-bbox="797 863 1588 989">Students use equations and financial calculators to solve for all variables within the bond pricing equation, and can extend their TVM to other fixed income securities, such as installment and mortgage loans.</td> </tr> <tr> <td data-bbox="464 995 784 1100">2. Students know the basics of interest rate determination.</td> <td data-bbox="797 995 1588 1100">Students can describe theories interest rate determination, as well as how individual securities' required returns are affected.</td> </tr> <tr> <td data-bbox="464 1106 784 1232">3. Students are able to discuss market function the role of financial intermediaries</td> <td data-bbox="797 1106 1588 1232">Students can discuss primary and secondary markets and the multiple intermediations facilitated by financial institutions.</td> </tr> <tr> <td data-bbox="464 1239 784 1365">4. Students know instruments of the money and capital markets.</td> <td data-bbox="797 1239 1588 1365">Students can identify characteristics of common money and capital instruments used in financial institutions. Additionally, they can price selected instruments.</td> </tr> <tr> <td data-bbox="464 1371 784 1497">5. Students understand the goals of regulation in the financial institution industry.</td> <td data-bbox="797 1371 1588 1497">Students can describe the use of regulation of financial intermediaries to regulate activities and its impact on society.</td> </tr> <tr> <td data-bbox="464 1503 784 1608">6. Students can identify risks inherent in financial institutions.</td> <td data-bbox="797 1503 1588 1608">Students can discuss liquidity, credit, interest rate and insolvency risks, and possible effects on financial institutions.</td> </tr> <tr> <td data-bbox="464 1614 784 1677">7. Students can evaluate interest rate risk.</td> <td data-bbox="797 1614 1588 1677">Students can perform gap and duration analysis.</td> </tr> <tr> <td data-bbox="464 1684 784 1810">8. Students can identify off-balance sheet instruments and use in managing risks.</td> <td data-bbox="797 1684 1588 1810">Students can describe the basics of financial derivatives used by financial institutions to manage risk.</td> </tr> </tbody> </table>	Outcome	Expectation	1. Students can calculate the value of fixed income securities.	Students use equations and financial calculators to solve for all variables within the bond pricing equation, and can extend their TVM to other fixed income securities, such as installment and mortgage loans.	2. Students know the basics of interest rate determination.	Students can describe theories interest rate determination, as well as how individual securities' required returns are affected.	3. Students are able to discuss market function the role of financial intermediaries	Students can discuss primary and secondary markets and the multiple intermediations facilitated by financial institutions.	4. Students know instruments of the money and capital markets.	Students can identify characteristics of common money and capital instruments used in financial institutions. Additionally, they can price selected instruments.	5. Students understand the goals of regulation in the financial institution industry.	Students can describe the use of regulation of financial intermediaries to regulate activities and its impact on society.	6. Students can identify risks inherent in financial institutions.	Students can discuss liquidity, credit, interest rate and insolvency risks, and possible effects on financial institutions.	7. Students can evaluate interest rate risk.	Students can perform gap and duration analysis.	8. Students can identify off-balance sheet instruments and use in managing risks.	Students can describe the basics of financial derivatives used by financial institutions to manage risk.	
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<p>Materials</p>	<ul style="list-style-type: none"> • Saunders, Anthony and Marcia Millon Cornett, Financial Markets and Institutions: A Modern Perspective, McGraw-Hill/Irwin, ISBN: 13:978-0-07-304169-8 • Financial Calculator 																			

	<ul style="list-style-type: none"> • Access to Wall Street Journal &/or other business news sources. <p>Text is available through MBS Direct Books at 1-800-352-3252 or www.mbsdirect.net. Checks and credit cards accepted.</p>																												
Grading	<table border="1" data-bbox="467 365 1117 516"> <tr> <td>Exam 1</td> <td>30%</td> </tr> <tr> <td>Exam 2</td> <td>30%</td> </tr> <tr> <td>Assignments/quizzes/cases</td> <td>40%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </table> <table border="1" data-bbox="467 554 1117 667"> <tr> <td>Cutoff for A range</td> <td>90%</td> </tr> <tr> <td>Cutoff for B range</td> <td>80%</td> </tr> <tr> <td>Cutoff for C range</td> <td>65%</td> </tr> </table> <p>The Graduate catalog provides these guidelines and grading options for graduate business degrees:</p> <p>Grades in the program are A, A-, B+, B, B-, C, F, I, ZF, and W. Grades reflect the following standards:</p> <table border="1" data-bbox="467 842 1594 1184"> <tr> <td>A/A-</td> <td>Superior Graduate Work</td> </tr> <tr> <td>B+/B/B-</td> <td>Satisfactory Graduate Work</td> </tr> <tr> <td>C</td> <td>Work that is barely adequate as graduate-level performance</td> </tr> <tr> <td>F</td> <td>Work that is not satisfactory</td> </tr> <tr> <td>I</td> <td>Incomplete work</td> </tr> <tr> <td>ZF</td> <td>An "I" that is not completed within one year of the end of the course is automatically converted to a "ZF." A "ZF" is treated the same as an F or NC for all cases involving GPA, academic warning, probation and dismissal.</td> </tr> <tr> <td>W</td> <td>Withdrawal from the course</td> </tr> </table>	Exam 1	30%	Exam 2	30%	Assignments/quizzes/cases	40%	Total	100%	Cutoff for A range	90%	Cutoff for B range	80%	Cutoff for C range	65%	A/A-	Superior Graduate Work	B+/B/B-	Satisfactory Graduate Work	C	Work that is barely adequate as graduate-level performance	F	Work that is not satisfactory	I	Incomplete work	ZF	An "I" that is not completed within one year of the end of the course is automatically converted to a "ZF." A "ZF" is treated the same as an F or NC for all cases involving GPA, academic warning, probation and dismissal.	W	Withdrawal from the course
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Activities	<p>Problems/Questions: End-of-chapter problems and questions used to reinforce key concepts.</p> <p>Group Problem Solving: Examination and discussion of actual financial institution's financial statements for concepts related to course content.</p> <p>Discussion of actual/current business events: Students are expected to regularly read the Wall Journal or comparable business periodicals and to actively contribute to class discussions, integrating actual events with concepts covered in class.</p>																												
Policy Statements: University Policies	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university's published policies. The following policies are of particular interest:</p> <p><i>Academic Honesty</i></p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p>																												

	<p><i>Drops and Withdrawals</i></p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p><i>Special Services</i></p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p><i>Disturbances</i></p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p><i>Student Assignments Retained</i></p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p><i>Contact Hours for this Course</i></p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<p>Course Policies</p>	<p>If you miss class you are responsible for getting notes and assignments. <i>A penalty will apply to all late assignments, unless approval is obtained in advance.</i></p> <p>If an unavoidable situation is going to force you to turn in homework late or miss a test, please try to let the instructor know ahead of time so alternate plans can be made. You'll find that we can usually work out almost any kind of difficulty involving unexpected emergencies, scheduling conflicts, etc., but it is easier to make alternate plans if we know about it in advance.</p>

**Weekly
Schedule**

The schedule below represents an approximate expectation of course progress. The instructor reserves the right to add, delete or modify any weeks of this schedule. Any changes will be announced in class. Please read assigned chapters before class. All assignments must be completed in Excel or typewritten format.

Week 1	<p>Topics:</p> <ul style="list-style-type: none"> • Chapter 1; Introduction • Chapter 2; Determinants of Interest Rates <p>Assignment for Week 2:</p> <ul style="list-style-type: none"> • Chapter 1 – 1, 2, 7, 19 • Chapter 2 – 6, 8, 21, 24
Week 2	<p>Topics:</p> <ul style="list-style-type: none"> • Chapter 3; Interest Rates and Security Valuation • Chapter 4; The Federal Reserve System, Monetary & Interest Rates <p>Assignment for Week 3:</p> <ul style="list-style-type: none"> • Chapter 3 – 3, 5, 16, 19 • Chapter 4 – 8, 11, 16
Week 3	<p>Topics:</p> <ul style="list-style-type: none"> • Chapter 5; Securities Markets • Chapter 6; Bond Markets • Chapter 7; Mortgage markets <p>Assignment for Week 4:</p> <ul style="list-style-type: none"> • Chapter 5 – 4, 9; • Chapter 6 – 2, 3, 9, 18 • Chapter 7 – 6, 11
Week 4	<p>Topics:</p> <ul style="list-style-type: none"> • Chapter 9; Stock Markets • Chapter 10; Derivative Securities Markets <p>Assignment for Week 5:</p> <ul style="list-style-type: none"> • Chapter 9 – 2, 8, 13 • Chapter 10 – 2, 9, 12, 16
Week 5	<p><i>Mid-term exam</i></p> <p>Topics:</p> <ul style="list-style-type: none"> • Chapter 11; Commercial Banks <p>Assignment for Week 6:</p> <ul style="list-style-type: none"> • Chapter 11 – 2, 4, 6
Week 6	<p>Topics:</p> <ul style="list-style-type: none"> • Chapter 13; Regulation of Commercial Banks • Chapter 14; Other Lending Institutions <p>Assignment for Week 7:</p> <ul style="list-style-type: none"> • Chapter 13 – 1, 6, 21 • Chapter 14 – 2, 6, 14, 23

	<p>Week 7 Topics:</p> <ul style="list-style-type: none"> • Chapter 19; Types of Risk Incurred by Financial Institutions <p>Assignment for Week 8:</p> <ul style="list-style-type: none"> • Chapter 19 – 6, 17 <hr/> <p>Week 8 Topics:</p> <ul style="list-style-type: none"> • Chapter 23; Managing Risk with Derivative Securities <p>Assignment for Week 9:</p> <ul style="list-style-type: none"> • Chapter 23 – 5, 10, 16 • Chapter 24 – 1, 6, 7 <hr/> <p>Week 9 Topics:</p> <ul style="list-style-type: none"> • Chapter 24; Managing Risk with Loan Sales and Securitization <p>Final Exam</p>	
Additional Information	None	

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