FINC 3353 Financial Markets and Institutions  
Fall 2010  
Dillard College of Business Administration  
Midwestern State University

Class Hours: Monday and Wednesday,  
02:00 pm – 03:20 pm, DB 133

Contact Information

Instructor: Adam Y.C. Lei, Ph.D., CFA  
Office: DB 219  
940-397-4403 adam.lei@mwsu.edu

Office Hours: Wednesday, 03:30 pm – 05:30 pm,  
Thursday, 03:00 pm – 04:00 pm, and by appointment

Course Materials

Required: 1) Lecture Notes (PowerPoint slides; available through WebCT), and  
2) Financial Markets and Institutions, 9e, by Jeff Madura, South-Western,  


Course Description

Characteristics, functions, and interaction of financial markets and institutions; current  
developments and trends; factors in interest rate determination.

Course Objective

A. General Learning Goals:

Upon successful completion of this course, students should:

1) Demonstrate problem solving and decision making abilities through the critical analysis,  
evaluation, and interpretation of business information.
2) Demonstrate a competency in speaking and writing for common business scenarios.
3) Have an understanding of the influence of global and multicultural issues on business  
activities.
B. Course Specific Learning Goals:

Upon successful completion of this course, students should have developed the understanding of:

1) The importance and determinants of interest rates.
2) The structure and functions of the Federal Reserve System.
3) Characteristics and functions of financial markets.
4) Characteristics and functions of financial institutions.
5) Current developments, trends, and interaction of financial markets and institutions.

Course Prerequisites

Junior standing or above or consent of the chair.

Other Requirements

Each student should have a calculator capable of calculating the time value of money (a financial or scientific calculator will do) in class. A student is expected to be familiar with his/her calculator’s functions.

Grading and Evaluation

<table>
<thead>
<tr>
<th>Course Grading:</th>
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<tbody>
<tr>
<td>Midterm Exam I</td>
<td>30%</td>
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<tr>
<td>Midterm Exam II</td>
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<tr>
<td>Final Exam</td>
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<tr>
<td>Participation</td>
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90-100 (Excellent) A
80-90 (Good) B
70-80 (Satisfactory) C
60-70 (Passing) D
Below 60 (Failing) F

All grades are firm and non-negotiable. There is no rounding in grades. To maintain the fairness to the entire class, the same grading criteria will be applied to every student, and no personal reason will be considered for grading purposes. No grade will be disclosed by email, by phone, or online.

Exams:

There will be three exams during this semester in the assigned classroom. The first two exams will be held during regular class hours. The final exam will be held by the university schedule (see the end of this syllabus). The exams will include questions on any covered material, e.g., lecture notes, classroom discussions, and reading assignments. Each student will need a calculator and ScanTron for the exams. The use of cell phones is not allowed during the exams.
The exams must be taken as scheduled. There is no make-up exam in this course and students missing an exam without a valid excuse will receive an exam grade of zero for the specific exam. A valid excuse is defined as an authorized absence (see Midwestern State University Undergraduate Catalog (2010-2012) p. 77-78 for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence, and the weight assigned for the missed exam will be redistributed to the other exams. No student will be allowed to miss the final exam.

**Participation:**

A student's grade on class participation depends on three factors: 1) Attendance, 2) Performance on raising and answering questions in class, and 3) Grades on random assignments. There is no guarantee that a student attending every class will automatically receive the full credit on class participation.

*Class attendance, Midwestern State University Undergraduate Catalog (2010-2012), p. 78*

Students are expected to attend all meetings of the classes in which they are enrolled. Although in general students are graded on intellectual effort and performance rather than attendance, absences may lower the student’s grade where class attendance and class participation are deemed essential by the faculty member. In those classes where attendance is considered as part of the grade, the instructor should so inform students of the specifics in writing at the beginning of the semester in a syllabus or separate attendance policy statement. An instructor who has an attendance policy must keep records on a daily basis. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s records will stand as evidence of absences. A student with excessive absences may be dropped from a course by the instructor. Any individual faculty member or college has the authority to establish an attendance policy, providing the policy is in accordance with the General University Policies.

For the record keeping purpose, each class period a roll sheet will be passed through the class and students need to make sure that they sign on the roll sheet. Signing any other student’s name on the roll sheet is considered as a disruptive conduct in this course.

*Instructor Drop, Midwestern State University Undergraduate Catalog (2010-2012), p. 73*

An instructor may drop a student any time during the semester for excessive absences, for consistently failing to meet class assignments, for an indifferent attitude, or for disruptive conduct. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s drop of a student takes precedence over the student-initiated course drop of a later date. The instructor will assign a grade of either WF or F through the 8th week of a long semester, the 6th week of a 10 week summer term, or the 11th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F. The date the instructor drop form is received in the Office of the Registrar is the official drop date.
Students who miss more than one third of the class periods without valid excuses will be dropped from this course. A valid excuse is defined as an authorized absence (see Midwestern State University Undergraduate Catalog (2010-2012) p. 77-78 for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence.

Students who fail to meet class assignments, show indifferent attitudes, or reveal disruptive conducts will be given warnings each time such instance occurs. Students with more than two warnings will be dropped from this course.

Other Course Policies

1) Please bring a calculator to class.
2) It is obviously in a student’s best interests to attend class regularly.
3) Students are expected to read the class material before and after the scheduled classes.
4) Announcements not made in class will be posted online through WebCT. Students have the responsibility to check the postings and class material regularly.
5) Video, audio, and image recording other than taking hand-written or typed notes in the classroom is not allowed without the prior consent of the instructor. Redistribution of course material prepared by the instructor in any form outside this class is not allowed.

Academic Integrity

Students shall follow the “Student Honor Creed” on p. 19 of the Midwestern State University Undergraduate Catalog (2010-2012). A student who commits academic dishonesty is subject to conduct sanctions (Please refer to the Midwestern State University Student Handbook for the definition of Academic Dishonesty, Conduct Sanctions, and Academic Misconduct Procedures).

Americans with Disabilities Act

This course follows the university policies and guidelines suggested by the Disability Support Services Office for qualified students. Students are referred to p. 21 of the Midwestern State University Undergraduate Catalog (2010-2012) for details.

Syllabus Change Policy

This syllabus is a guide for this course and is subject to change with advanced notice.

References

Midwestern State University Student Handbook (2010-2011), http://students.mwsu.edu/dean/

Midwestern State University Undergraduate Catalog (2010-2012), http://registrar.mwsu.edu/catalog/
Course Content and Outline

I. Overview of the Financial Environment

Chapter 1: Role of Financial Markets and Institutions
Chapter 2: Determination of Interest Rates
Chapter 3: Structure of Interest Rates

II. The Fed and Monetary Policy

Chapter 4: Functions of the Fed

III. Debt Security Markets

Chapter 6: Money Markets
Chapter 7: Bond Markets
Chapter 9: Mortgage Markets

IV. Equity Markets

Chapter 10: Stock Offering and Investor Monitoring
Chapter 12: Market Microstructure and Strategies

V. Derivative Security Markets

Chapter 13: Financial Futures Markets
Chapter 14: Options Markets

VI. Commercial Banking

Chapter 17: Commercial Bank Operations
*Chapter 18: Bank Regulation
Chapter 19: Bank management

VII. Nonbank Operations

Chapter 21: Thrift Operations
Chapter 22: Finance Operations
Chapter 23: Mutual Fund Operations
Chapter 24: Securities Operations

*: Reading assignment (to be covered in the final exam)
Course Schedule

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Exams

Exam I: September 27 (Monday)
Exam II: November 1 (Monday)
Final Exam: December 8 (Wednesday), 05:45 pm – 07:45 pm