

FINANCE 4180 FINANCIAL MARKETS AND INSTITUTIONS
Winter 2018 CRN: 11085

Class Time: Tue & Thu 1:00pm – 2:15pm

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Office Hours: Thursdays 2:30pm–5:30pm & by appointment

Course Description: This course covers structures and functions of the financial system. Topics include (1) the determinants of interest rates and the role of the Federal Reserve System and its monetary policies; (2) major financial markets such as money markets, bond markets, mortgage markets, derivative securities markets, and foreign exchange markets, and financial instruments that are traded in these markets; and (3) major financial institutions such as commercial banks, investment banks, mutual funds, pension funds, and insurance companies.

Course Objective: This course seeks to help students (1) understand how the financial sector fits into the economy and helps distribute resources efficiently; (2) build up the terminology to effectively communicate issues regarding financial markets and financial institutions; and (3) acquire quantitative tools to determine prices and yields. Emphasis will be placed on employing appropriate financial instruments in risk management of financial institutions.

Course Prerequisites: FIN 3600 with a minimum grade of 2.0 and major standing.

Course Materials:

1. Text Book: *Financial Markets and Institutions* 6th ed., by Anthony Saunders and Marcia Millon Cornett, McGraw-Hill Irwin 2015
2. Financial Calculator: I strongly recommend Texas Instruments BAII (www.ti.com)
3. Case Studies: You can purchase the case from Harvard Business Publishing at <http://hbsp.harvard.edu/>. Details will be provided later.
4. *Wall Street Journal*: Highly recommended.

Course Website: Moodle

I will be posting slides (lecture notes) and answer keys to homework assignments on Moodle. Please check regularly (at least once before each class) for any updates and announcements. Once a new item is posted, I assume all students are aware of it.

In addition to this syllabus, I post a ***Tentative Schedule*** on the course website. Depending on how you progress, I may change the schedule accordingly. I will announce in class if I make any change to the schedule. However, you are responsible to check Moodle if you happen to be absent.

Grading: Course grade will be based on the following components:

Class Participation	5 points
Cases	20 points
Exam 1	25 points
Exam 2	25 points
<u>Exam 3 (Final)</u>	<u>25 points</u>
Total	100 points

Your course grade will be converted to the official Oakland University's 32 point grading scale using the following formula $\frac{1.0+3.0*(\text{your points}-\text{cutoff for 1.0})}{(\text{cutoff for 4.0}-\text{cutoff for 1.0})}$. For example, I may use 95 points as the cutoff for 4.0, and 50 points as the cutoff for 1.0, in which case 90 points=3.7, 80 points=3.0, 70 points=2.3, 65 points=2.0 correspondingly. I may change the cutoff points with respect to your performance.

Class attendance is important and will be counted as class participation. You are also encouraged to take an active part in class. Homework is assigned to each class. You are required to do all the homework problems. I will go over some of the assignments in class and occasionally ask you to present the solutions. There will be two case projects. The projects are team work. You can form a group of *two to four* members by your choice. Each group will submit one copy of the written analysis and each member will submit an evaluation form by the due date. No late submissions will be accepted. There will be three exams. A review session will be held for each of the exams. Exams are not cumulative. However, I assume you understand the terminologies and concepts from earlier in the course.

Important:

All exams will be close book and close notes, but calculators are allowed and required. You may bring dictionary or calculator manual to the exams. Absence from any exam will *not* be excused except for the most serious reasons. Any unexcused absence will result in a grade of zero. *No make-up exam* will be given unless you present strong *written* evidence of your absence on the scheduled date (e.g. a doctor's letter in letter head paper with signature for medical emergency). Should an absence be excused, the format of the make-up exam will be at the discretion of the instructor.

Please bring your text book and financial calculator to each class. For all exams, please bring **#2 pencils**, eraser/correction fluid (white out), and Scantron answer sheet (**Form 882-E**). Only the Scantron answer sheets will be graded. If you change an answer on the Scantron answer sheet, you must erase/white out your previous answer, otherwise the machine will automatically score it as incorrect, and you will not receive credit for your answer.

Academic Integrity: Cheating and plagiarism are considered serious at Oakland University. All allegations of academic misconduct will be reported to the Dean of Students and, thereafter, to the Academic Conduct Committee for adjudication. Anyone found guilty of cheating in this course may receive a grade of 0.0, in addition to any penalty assigned by the Academic Conduct Committee. Please refer to Oakland University Undergraduate Catalog for the full Academic Conduct Policy.

Note: January 17, 2018 is the last day to drop this course for a refund.