



Dillard College of Business Administration

FINC 3353.201

Financial Markets and Institutions

Spring 2021

Class Hours

Monday and Wednesday,
02:00 pm to 03:20 pm, Dillard Building 121

This course is scheduled as a face-to-face course. While the class will utilize social distancing and meet in its regularly scheduled classroom during the class periods, live streaming of the in-class sessions will be available online to accommodate qualified students who cannot attend the in-class sessions due to university-sanctioned reasons. Students attending the live-streaming sessions are subject to the same grading criteria and class requirements as students who attend the in-class sessions.

Live-Streaming Sessions

Qualified students attending the live-streaming sessions should do so through the session link under the “Communication” and then the “Zoom” tabs in D2L. Student should be aware that the capability of the live streaming might be limited by available resources.

Contact Information

Instructor: Adam Y.C. Lei, Ph.D., CFA
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Office Hours: Monday, 03:30 pm to 05:00 pm,
Wednesday, 03:30 pm to 05:00 pm, and by appointment

Course Materials

Required:

- 1) Lecture Notes (PowerPoint slides; available through D2L), and
- 2) *Financial Markets and Institutions*, 13e, by Jeff Madura, Cengage Learning. ISBN: 978-0357130797.

Recommended: The Wall Street Journal.

Course Prerequisites

Junior standing or above or consent of the chair.

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.

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 the functions of his/her own calculator.

Grading and Evaluation

Course Grading:

Component	Percentage
Midterm Exam I	30%
Midterm Exam II	30%
Final Exam	30%
Participation	10%
Total	100%

Numerical Grade	Meaning	Letter Grade
90 to 100	(Excellent)	A
80 to 90	(Good)	B
70 to 80	(Satisfactory)	C
60 to 70	(Passing)	D
Below 60	(Failing)	F

All grades are firm and nonnegotiable. There is no rounding in grades, and there are no bonus points at the end of semester. 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 or by phone.

Exams:

There will be three exams during this semester. The first two midterm exams will be held online during the regular class hours, and the final exam will be held online by the university schedule (detailed below). The exams will include questions on any covered material, e.g., lecture notes, classroom discussions, and reading assignments. Each student will need a calculator for the exams.

*Midterm Exam I will be available online through D2L on **February 15 (Monday)** from 01:50 pm U.S. central time to 03:30 pm U.S. central time. Midterm Exam II will be available online through D2L on **March 22 (Monday)** from 01:50 pm U.S. central time to 03:30 pm U.S. central time. Each of the midterm exams consists of 50 multiple-choice questions and has a continuous 80-minute time limit once a student starts the exam. The time limit of the exam cannot be interrupted. In addition, the exam can only be taken once, and it must be saved/submitted by 03:30 pm on the exam date (i.e., a student wishing to use the entire 80 minutes should start the exam before 02:10 pm). Unsaved/unsubmitted exams by 03:30 pm will have an exam grade of zero.*

*The Final Exam will be available online through D2L on **April 28 (Wednesday)** from 05:30 pm U.S. central time to 08:00 pm U.S. central time. The exam consists of 50 multiple-choice questions and has a continuous 120-minute time limit once a student starts the exam. The time limit of the exam cannot be interrupted. In addition, the exam can only be taken once, and it must be saved/submitted by 08:00 pm on the exam date (i.e., a student wishing to use the entire 120*

minutes should start the exam before 06:00 pm). Unsaved/unsubmitted exams by 08:00 pm will have an exam grade of zero.

To prevent cheating, the exam questions and the order of choices in a question are randomized. Different students may also get different questions of the same difficulty level in the exam. Students are not allowed to capture the exam questions by any means while taking the exam. Collaboration between/among students while taking the exam is considered cheating and is prohibited. For instructions on how to take an online exam through D2L, please refer to the document “Taking Exams on D2L,” available on D2L under the content module “Course Information.”

The exams must be taken as scheduled, and no student will be exempt from any exam. *There is no make-up exam in this course after the fact, and students missing an exam at the scheduled time without prior consent from the instructor will receive an exam grade of zero for the specific exam.* The D2L record of an exam attempt serves as the official record of whether a student takes the exam as scheduled. Students with valid excuses or authorized absences due to required participation in university-sponsored activities (please see Midwestern State University Undergraduate Catalog for the definition) should make prior arrangements with the instructor to take the exam at an alternative time. A valid excuse for exam purposes is defined as an *unforeseeable, proved, and documented* event that requires the student’s *presence* in a place other than the classroom during the exam time, and such event is deemed acceptable by the *instructor. Personal reasons and technical problems at a student’s end will not be considered a valid excuse for a missed or an incomplete exam. Misreading, forgetting, or inattention to the exam dates and time specified in the syllabus will not be considered a valid excuse for a missed exam. No illness-related excuses will be accepted unless a student has a doctor’s note or is a hospital inpatient during the scheduled exam time.* In the case of a valid excuse, the instructor must be notified of the excuse *before* the scheduled exam time and the document justifying the excuse must be turned to the instructor within one week from the exam. A student failing to notify the instructor the excuse before the scheduled exam time or not providing the document justifying the excuse in time will receive an exam grade of zero for the specific exam.

Participation:

A student’s grade on class participation depends on four factors: 1) Attendance in either the in-class or the live-streaming sessions, 2) Performance on raising and answering questions in class, 3) Obedience of class rules and instructions, and 4) Grades on random assignments. There is no guarantee that a student attending every class will automatically receive the full credit on class participation. In addition, a student loses one point in the participation grade for each violation of class rules and instructions. It is a student’s responsibility to know the class rules and instructions.

Class Attendance, Midwestern State University Undergraduate Catalog

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 each student will need to sign on the roll sheet. Signing any other student's name on the roll sheet is considered as an act of disruptive conduct in this course. Inconsistent signature styles on the roll sheet will be deemed as evidence against a student's attendance. The digital records of students attending the live-streaming sessions serve as their attendance records.

Instructor Drop, Midwestern State University Undergraduate Catalog

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 dropping the student 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 first 9 weeks of a long semester, the first 6 weeks of a 10 week summer term, or the 12th 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 with a failing semester grade. A valid excuse for participation purposes is defined as an authorized absence due to required participation in university-sponsored activities (please see Midwestern State University Undergraduate Catalog 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 instructor must be notified of the excuse and the document justifying the absence must be turned to the instructor, both 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 with a failing semester grade.

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 D2L. Students have the responsibility to check the postings and class material regularly.
- 5) Students who need to leave the classroom early and will not be back for that class period should notify the instructor before the class starts. Arriving late and leaving early without prior instructor acknowledgement are considered as acts of disruptive conduct in this course.
- 6) *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 any course material provided by the instructor in any form outside this class constitutes copyright infringement and is prohibited.*

Academic Integrity

Students shall follow the “Student Honor Creed” in the Midwestern State University Undergraduate Catalog. A student who commits academic dishonesty is subject to conduct sanctions (please refer to the Midwestern State University Student Handbook for the definitions 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 the Midwestern State University Undergraduate Catalog for details.

Campus Carry Policy

Senate Bill 11 passed by the 84th Texas Legislature allows licensed handgun holders to carry concealed handguns on campus, effective August 1, 2016. Areas excluded from concealed carry are appropriately marked, in accordance with state law. For more information regarding campus carry, please refer to the University’s webpage at [Campus Carry Rules/Policies Web Link](#).

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: [Student Handbook Web Link](#)
Midwestern State University Undergraduate Catalog: [Undergraduate Catalog Web Link](#)

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: Option Markets

VI. Commercial Banking

Chapter 17: Commercial Bank Operations

Chapter 18: Bank Regulation (: Reading assignment; to be covered in the final exam.)

Chapter 19: Bank management

VII. Nonbank Operations

Chapter 21: Thrift Operations

Chapter 22: Finance Company Operations

Chapter 23: Mutual Fund Operations

Chapter 24: Securities Operations

Course Schedule

Month	Date	Schedule	Date	Schedule
1	11	Introduction	13	Concepts Review & Chapter 1
	18	<i>Martin Luther King Day</i>	20	Chapter 2
	25	Chapter 3	27	Chapter 4
2	1	Chapter 6	3	Chapter 6 & 7
	8	Chapter 7	10	TBA
	15	Exam I	17	Chapter 9
	22	Chapter 9	24	Chapter 10
3	1	Chapter 10 & 12	3	Chapter 12
	8	Chapter 13	10	Chapter 13 & 14
	15	Chapter 14	17	TBA
	22	Exam II	24	Chapter 17
	29	Chapter 17	31	Chapter 19
4	5	Chapter 21	7	Chapter 22
	12	Chapter 23	14	Chapter 24
	19	TBA	21	TBA

Exam Dates

Exam I: February 15 (Monday), 80 minutes between 01:50 pm and 03:30 pm

Exam II: March 22 (Monday), 80 minutes between 01:50 pm and 03:30 pm

Final Exam: April 28 (Wednesday), 120 minutes between 05:30 pm and 08:00 pm