



Dillard College of Business Administration

**FINC 3353.101
Financial Markets and Institutions
Fall 2021**

Class Hours

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

Contact Information

Instructor: Adam Y.C. Lei, Ph.D., CFA
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Office Hours: Monday, 04:00 pm to 05:00 pm,
Tuesday, 01:00 pm to 02:00 pm,
Wednesday, 04:00 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 in the assigned classroom. The first two exams will be held during the regular class hours. The final exam will be held by the university schedule (please see the end of this syllabus for the exam dates). 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 and any form of sharing are not allowed during the exams.

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.* 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*. *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, 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.

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
8	23	Introduction	25	Concepts Review & Chapter 1
8/9	30	Chapter 2	1	Chapter 3
9	6	Labor Day	8	Chapter 4
	13	Chapter 6	15	Chapter 6 & 7
	20	Chapter 7	22	TBA
	27	Exam I	29	Chapter 9
10	4	Chapter 9	6	Chapter 10
	11	Chapter 10 & 12	13	Chapter 12
	18	Chapter 13	20	Chapter 13 & 14
	25	Chapter 14	27	TBA
11	1	Exam II	3	Chapter 17
	8	Chapter 17	10	Chapter 19
	15	Chapter 21	17	Chapter 22
	22	Chapter 23	24	Thanksgiving
11/12	29	Chapter 24	1	TBA

Exam Dates

Exam I: September 27 (Monday)

Exam II: November 1 (Monday)

Final Exam: December 8 (Wednesday), 05:45 pm to 07:45 pm