Finance 421- Money and Capital Markets  
Class Time: Tuesday and Thursday 12 -1:15 PM

Instructor:  Dr. George H. K. Wang**  
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Fax: 703-993-1870  
E-mail: Gwang2@gmu.edu  
Office Hours: Tuesday 1:30PM- 2:45 PM; Thursday 1:30PM– 2:15PM or by Appointment (lecture notes and assignments are available in Blackboard)

McGraw-Hill/Irwin (required)

Prerequisites:  Degree status and a grade of C or higher in Finance 311.

Objectives:  This course guides students to an advanced understanding of the key issues in financial markets and institutions. Specific items to be learned are: (1) Introduction of fundamentals on financial markets (Determinants of interest rates, Interest rates and security valuation and the federal reserve system, monetary policy and interest rates) ;(2) Organization and operations of short term and long term financial markets (money markets, bond markets, mortgage markets, stock markets) and (3) Overview of commercial banks and regulations of commercial banks.

Structure  Readings and problems /questions from the text will be assigned as home work in class. This will not be collected, but part of examinations will be taken either directly or modified from them. The most effective way to learn the subjects from this class is to do home work.


2. Additional reading assignment will be announced in class and all reading assignments are available at the reserve desk of the Johnson library.
Examination Policies:
(1) Grading standards:   
   Mid-term exam     35%  
   Final exam        40%  
   Quiz and problem sets 25%  
   Total              100%  
(2) Use of (+, -) grades and Types of exams: short essay on fundamental concepts and Problem-solving questions.

Course Outline and Schedule

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<th>Week</th>
<th>Topics [Chapters (Saunders and Cornett (fifth edition))</th>
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**Mid Term Examination**

15 10/16  Bond markets (Chapter 6)

16. 10/18  Bond markets  (Chapter 6)

17. 10/23  Mortgage markets (Chapter 7)

18. 10/25  Mortgage markets (Chapter 7)

19 10/30  Mortgage markets (Chapter 7)

20. 11/1  Stock markets (Chapter 8)

21. 11/6  Stock markets (Chapter 8)

22. 11/8  Commercial banks: Overview (Chapter 11)

23. 11/13  Commercial banks: Overview (Chapter 11)

24 11/15  Commercial bank’s financial statement and analysis (Chapter 12)

25. 11/20  Commercial bank’s financial statement and analysis (Chapter 12)

26. 11/22  **Thanksgiving recess**

27. 11/27  Regulation of commercial banks (Chapter 13)

28.11/29  Regulation of commercial banks (Chapter 13)

29. 12/4  Regulation of commercial banks (Chapter 13)

30. 12/6  Regulation of commercial banks (Chapter 13) and review for financial Examination

31. 12/13  **Final Examination**  
(10:30AM -1:15 PM)

Note:  last day to drop with no tuition penalty  9/4

**Honor Code:** Students are expected to observe the GMU Honor Code.

**Attendance**  Students are strongly encouraged to attend every class meeting. Anyone who thinks that he/she has a chance of missing more than four classes should definitely take a different course.
**Etiquette in the Class Room** - Students must turn off all phones, beepers, etc. when attending class. No one has permission to tape record any part of any lecture or discussion in any session. **PRIVATE CONVERSATIONS BETWEEN STUDENTS WHILE CLASS IS IN SESSION ARE IMPOLITE, UNPROFESSIONAL, AND UNWELCOMED.**

**Exams** Students who want to take an exam at other than at the scheduled time must get prior permission from the instructor who is unlikely to give it unless the student has a serious medical problem (documented by a doctor in writing) or faces a severe conflict in schedule because of a work-related matter (documented in writing by a supervisor).

**Short Bio** George H. K. Wang is the Research Professor of Finance in the School of Management at George Mason University. He received his Ph. D in statistics and economics (double majors) from Iowa State University, Ames, Iowa. He was the Deputy Chief Economist and Director of Research, U. S. Commodity Futures Trading Commission. Dr Wang was visiting Professor of Finance, Faculty of Economics and Business, University of Sydney, Australia in summer, 2006 and 2007. and a Visiting Professor of Finance, College of Management, National Central University, Jhongli, Taiwan in summer 2007. He has published widely in major refereed journals in the areas of derivative markets, applied time series, econometrics, mortgage markets and transportation. He is an elected ordinary member of International Statistical Institute and on the editorial board of the Journal of Futures Markets.