Course Objectives

This course is both a practical and a concept-oriented treatment of the workings of today's financial markets and institutions. It starts with an introduction of the fundamentals of financial markets and proceeds with a detailed review of the central banking system, the different financial markets, financial institutions, and the management of the different types of risks that these institutions face. These issues are presented within a unified framework intended to encourage critical thinking and problem-solving skills in students.

Prerequisites

Degree status and completion of the MBA core requirements, or permission of the instructor. The course will also require knowledge of Microsoft Excel and use of a financial calculator. If you do not know whether you meet the requirement, you should notify the instructor.
Course Textbook and Resources


An electronic version of the text is available at the following websites:


Other Resources: A calculator is required (non programmable preferably – e.g. HP 10b11+ suggested) and should be brought to class on a daily basis. A subscription to the Wall Street Journal is also encouraged (or another finance oriented publication like Business Week or the Financial Times).

Grades

Since this is an advanced course, it inevitably covers more difficult topics than those in core MBA classes. I expect this course to be intellectually challenging. My intention is to grade generously, but fair. I will, however, not hesitate to give low grades to those who clearly did not put in sufficient effort.

Your final grade will be based on:

- Class Participation/Attendance: 10%
- Homework/Problem Sets: 10%
- Quizzes/Cases (4 total – drop one): 15%
- Written Essay (October 23th): 15%
- Midterm Exam: (September 16th): 20%
- Final Exam (See GMU’s Schedule): 30%

Grade distribution is based on a standard 10-point scale: 92-100 = A; 90-92 = A-; 88-90 = B+; 82-88 = B; 80-82 = B-, etc. All grades are calculated straight from the raw points allotted from each assignment.

Note: The final exam is a comprehensive final and will cover issues from the first midterm exam. Students are not allowed to skip any exams and must take the exam at the scheduled time. Any student missing an exam will receive a grade of zero. One exception is that you present a physician’s statement attesting to illness on the day of the exam or for an extraordinary reason.
**Problem Sets/Quizzes/Essay**

I will assign problems for homework. The assignments will be collected and checked for effort. Part of each exam will be taken either directly or slightly modified from the homework, thus it is your responsibility to do each assigned question.

One written essay will be assigned and the details of this will be handed out and posted later in the class. In addition, there will be two case write-ups (approximately 2 pages in length) which will be posted and discussed in class, and two quizzes. Out of these four assignments (2 quizzes, 2 cases), you may drop your lowest grade.

**Important Rules**

The test and the final exam must be taken without notes or sheets of formulas. You will be required to bring your own financial calculator to the exams/quizzes. Sharing calculators is not allowed.

**Appeal of Grading**

If you wish your answer to a question to be regarded, first submit a copy of your answer to the question and a written explanation of why you believe that the grading is incorrect. You must turn in this material within one week after the graded work is returned. In general, the entire exam will be checked for grading errors, and correcting these could either raise or lower the overall score.

**University Office of Disability Services**

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center at (703) 993-2474. All academic accommodations must be arranged through the DRC.

**Academic Misconduct**

Academic misconduct causes failing the course and triggers quite unpleasant university-mandated procedures which result in further sanctions. Faculty Rule 2.11.5 (Faculty Responsibility under the Honor Code) requires alleged misconduct to be reported to the department and the Honor Committee. So follow the GMU honor code at all times and don’t even think about cheating!
Tentative Course Outline

Each class period includes required readings from the textbook Saunders and Cornett, 2012, *Financial Markets and Institutions* (SC). Except for the dates of the exams, the dates in the course schedule are approximate and could be subject to change.

**Weeks 1 (August 19th): Course Introduction and Background**
Course Syllabus and SC 2

**Week 2 (August 26th): Interest Rates and Security Valuation**
SC 3 and 4

**Week 3 (September 2nd): The Federal Reserve System**
Quiz 1: Chapters 2 and 3
Bernanke Fed talks

**Week 4 (September 9th): The Federal Reserve System (continued)**
Case 1 Due
Bernanke Fed talks continued

**Week 5 (September 16th): The Federal Reserve System (continued)**
Midterm

**Week 6 (September 23rd): Bond/Equity Markets**
SC 5, 6 and 8

**Week 7 (September 30th): Derivatives Markets**
SC 10

**Week 8 (October 7th): 2008 and Forward**
Quiz 2: Chapters 5, 6, 8, 10
Video series on the 2008 crisis

**Week 9 (October 14th): 2008 and Forward**
Case 2 Due

**Week 10 (October 21st): Review**
Financial Markets Essay due Oct 23th
Student Learning Goals

1. **Teaming and Leading:** Demonstrate the team leadership and interpersonal skills needed to form, lead, and work effectively on diverse organizational teams.

2. **Knowledge of Functional Business Disciplines:** Demonstrate knowledge of all core functional areas of business and an ability to integrate them into a meaningful firm level perspective.

3. **Analytical Decision Making:** Demonstrate the ability to analyze uncertain complex management situations using appropriate tools, techniques and information systems for decision-making.

4. **Communication:** Demonstrate written, oral and presentations skills necessary to explain problems and solutions effectively and persuasively.

5. **Ethics and Responsibility:** Demonstrate knowledge of ethical decision making considerations, corporate social responsibility and sustainability practices.

6. **Global Awareness:** Identify relevant economic, political, and social factors that impact business conducted both within and across national boundaries.

**SCHOOL OF BUSINESS STANDARDS OF BEHAVIOR:** The mission of the School of Business at George Mason University is to create and deliver high quality educational programs and research. Students, faculty, staff, and alumni who participate in these educational programs contribute to the well-being of society. High quality educational programs require an environment of trust and mutual respect, free expression and inquiry, and a commitment to truth, excellence, and lifelong learning. Students, program participants, faculty, staff, and alumni accept these principles when they join the School of Business community. In doing so, they agree to abide by the following standards of behavior:

- **Respect** for the rights, differences, and dignity of others
- **Honesty and integrity** in dealing with all members of the community
- **Accountability** for personal behavior

Integrity is an essential ingredient of a successful learning community. Ethical standards of behavior help promote a safe and productive community environment, and ensure every member the opportunity to pursue excellence. School of Business can and should be a living model of these behavioral standards. To this end, community members have a personal responsibility to integrate these standards into every aspect of their experience at the School of Business. Through our personal commitment to these Community Standards of Behavior, we can create an environment in which all can achieve their full potential.
## School of Business Recommendations for Honor Code Violations

*Adopted by the faculty May 2012*

### Graduate Students

<table>
<thead>
<tr>
<th>Type of Violation</th>
<th>First Offense</th>
<th>Second Offense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plagiarism—failure to cite/attribute sources</td>
<td>An F in the class; multiple visits to the Writing Center required; and Academic Integrity Seminar Attendance</td>
<td>An F in the class; multiple visits to the Writing Center required; Academic Integrity Seminar Attendance, dismissal from the program, and possible suspension or expulsion</td>
</tr>
<tr>
<td>Plagiarism—representing someone else’s work as the student’s own</td>
<td>An F in the class; multiple visits to the Writing Center required; and Academic Integrity Seminar Attendance</td>
<td>An F in the class; multiple visits to the Writing Center required; Academic Integrity Seminar Attendance (at times of hearing and reenrollment if relevant); dismissal from the program; and possible suspension or expulsion</td>
</tr>
<tr>
<td>Cheating on an assignment, homework, class participation, or minor project</td>
<td>An F in the class; and Academic Integrity Seminar Attendance</td>
<td>Expulsion</td>
</tr>
<tr>
<td>Cheating on a major project, test, or exam</td>
<td>An F in the class; Academic Integrity Seminar Attendance; and at least one semester suspension</td>
<td>Expulsion</td>
</tr>
<tr>
<td>Egregious Violation [e.g., stealing an exam; submitting coursework from another class as original work; lying to an employer about academic performance]</td>
<td>Dismissal from the program; at least one year suspension; and attendance at Academic Integrity Seminar at the time of hearing and just prior to reenrollment</td>
<td>Expulsion</td>
</tr>
</tbody>
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