

Financial Institutions and Markets (Fina 3317)

Fall 2019

The course syllabus provides a general plan for the course; deviations may be necessary.

Instructor Information

Instructor: **Nima Vafai**

Time and Place of Class Meetings: **Tuesday and Thursday: 5:30PM 6:50PM; COBA 245W**

Office: **COBA 609**

Department Phone: **817.272.2528**

E-mail: nima.vafai@uta.edu (please check the class website and syllabus before sending email).

Faculty Profile: <https://mentis.uta.edu/explore/profile/nima-vafai>

Description of Course Contents

The structure of financial institutions and markets in the United States and their interactions. How and why the institution has evolved, how it fits within the financial system, how it operates, what is its current impact, and what may its future role may be.

Course Description and Objectives

Skills you should acquire from this course include but not limited to being able to: Differentiate between the different types of financial markets; Understand and compute various measures of interest rates; Understand and compute the relationship between security values and interest rates; Understand the function of a central bank and its influence on interest rates; Know the roles of different financial institutions; Recognize the risks that financial institutions face; Identify the risks that financial institutions and markets pose for the overall economy.

Office Hours

I am available by appointment to meet during weekdays. I strongly urge you to contact me early in the course for help or guidance.

Suggested Textbooks and Other Course Materials

Financial Markets and Institutions, 7th edition by Anthony Saunders and Marcia Millon Cornett. McGraw-Hill/Irwin; ISBN-13: 978-0077861667 (other editions are also acceptable), by Anthony Saunders.

Recommended Readings:

- **Wall Street Journal** <http://www.wsj.com/>
- **Bloomberg News and Markets**
 - o <http://www.bloomberg.com/>
 - o <http://www.bloomberg.com/markets>
- **Yahoo Finance** <http://finance.yahoo.com/>

Technical Requirements

This course will make use of the Microsoft Excel spreadsheet program. It is essential for students to possess basic competency with this program in order to succeed in the class.

Prerequisites

ECON 2306, ACCT 2302, and 60 credit hours.

Composition of Grade

Exams (70%): (Multiple Choice Questions)

Two mid-term exams (30%)

One comprehensive final exam (40%): Mandatory which could NOT be dropped. (No make-up exam for the final exam)

Assignments (25%): There will be three assignments during the semester. Each assignment is due 4-5 days prior to the exam. **THERE WILL BE NO EXTENTION.** Assignments will generally require work done in excel or data collected from the internet or sources such as the Wall Street Journal. Each assignment grade will be out of 100%.

Attendance and Participation (5%)

Class participation and discussions are encouraged.....Class roll will be randomly called.

Exams:

There will be two in-class mid-term exams and a comprehensive final exam.

Grading scale: (no +/-)

Grades are assigned relative to class ranking. The target class GPA is 2.3 with letter grades awarded as follows.

Class Percentile Ranking

A	85-100	Comprehensive Final Exam*	40%
B	55-84.9	Midterm Exam (Average)*	30%
C	25-54.9	Assignments (Average of three HW)*	25%
D	5-24.9	Attendance and discussions participations*	5%
F	0-4.9		

For example, a student in the 85th percentile performed better than 85% of the class and will receive an A. A student in the 35th percentile scored higher than 35% of the class and will receive a C.

The percentiles represent the lower bounds of the grade distribution. That is, your actual grade will be the higher of the above percentiles or the traditional 90% or higher of points earned=A, 80%-90% of points earned=B, 70%-80% of points earned =C, 60%-70% of points earned, and below 60%=F. Think of the percentile ranking as a curve.

Expectations for Out-of-Class Study

Beyond the time required to attend each class meeting, students enrolled in this course should expect to spend at least an additional 9 hours per week of their own time in course-related activities, including reading required materials, completing assignments, preparing for exams, etc.

Topic Coverage

All dates are tentative and subject to change at the discretion of the instructor.

Class	Date and Day	Content
1	Thursday, August 22	Syllabus; Ch. 1: Introduction
2	Tuesday, August 27	Ch. 1; Ch. 2: TVM
3	Thursday, August 29	Ch. 2: Interest Rates
4	Tuesday, Sept. 3	Ch. 2: Interest Rates; Ch. 3: Rates of Return
5	Thursday, Sept. 5 <i>Monday, September 6</i>	Ch. 3: Rates of Return <i>UTA Census Date</i>
6	Tuesday, Sept. 10	Ch. 6: Bond Markets
7	Thursday, Sept. 12	Ch. 6: Bond Markets; Ch. 7: Securitization
8	Tuesday, Sept. 17 Sunday, Sept. 15	Ch. 6: Bond Markets; Assignment 1 (Ch- 1,2,3,6&7)
9	Thursday, Sept. 19	Exam 1
10	Tuesday, Sept. 24	Ch. 5: Money Markets
11	Thursday, Sept. 26	Ch. 5: Money Markets
12	Tuesday, Oct. 1	Ch. 5: Money Markets
13	Thursday, Oct. 3	Ch. 8, 9, 10: Stock, FX, and Derivatives Markets
14	Tuesday, Oct. 8	Ch. 8, 9, 10: Stock, FX, and Derivatives Markets
15	Thursday, Oct. 10	Ch. 8, 9, 10: Stock, FX, and Derivatives Markets
16	Tuesday, Oct. 15	Ch. 8, 9, 10: Stock, FX, and Derivatives Markets
17	Thursday, Oct. 17	Ch. 17 & 18: Institutional Investors
18	Tuesday, Oct. 22	Ch. 17 & 18: Institutional Investors
19	Thursday, Oct. 24 Friday, Oct. 25	Review for Exam 2 Assignment 2 (Ch-5,8,9,10,17&18)
20	Tuesday, Oct. 29	Exam 2
21	Thursday, Oct. 31	Ch. 11-13: Commercial Banks; Ch. 14. Thrifts
22	Tuesday, Nov. 5	Ch. 11-13: Commercial Banks; Ch. 14. Thrifts
23	Thursday, Nov. 7	Ch. 14 & 15: The Shadow Banking System
24	Tuesday, Nov. 12	Ch. 14 & 15: The Shadow Banking System
25	Thursday, Nov. 14	Ch. 16: Investment Banks
26	Tuesday, Nov. 19	Ch. 16: Investment Banks
27	Monday, Nov. 21	Ch. 4: Central Banks
28	Tuesday, Nov. 26	Ch. 4: Central Banks
29	Thursday, Nov. 28 Sunday, Dec. 1	<i>Thanksgiving: No Class</i> Assignment 3 (Ch-11,12,13,14,15,16&17)
30	Tuesday, Dec. 3	Ch. 4: Central Banks; Review
	Thursday, Dec. 5	Final Exam (Cumulative)

Religious Holidays

Students who anticipate being absent from class due to a major religious observance must provide a written notice of the date(s) and event(s) by the second meeting.

University and College Policies:

Academic Integrity

Students enrolled all UT Arlington courses are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington's tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

All students are expected to pursue their scholastic careers with honesty and integrity. It is the philosophy of this Department, this instructor, and the University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University. "Academic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, or any act designed to give unfair advantage to a student or the attempt to commit such acts." (Regents Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22) Institutional procedures regarding charges of academic dishonesty are outlined in Part II, Chapter 2, of the Handbook of Operating Procedures of The University of Texas at Arlington. Copies of the Handbook are available at more than 75 locations on campus, including the Student Congress office, the Library, and the Finance/Real Estate Department office.

Student Support Services

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>

Drop Policy

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering.

Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/aao/fao/>).

Disability Accommodations

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including The Americans with Disabilities Act (ADA), The Americans with Disabilities Amendments Act (ADAAA), and Section 504 of the Rehabilitation Act. All instructors at UT Arlington are required by law to provide “reasonable accommodations” to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the Office for Students with Disabilities (OSD). Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

The Office for Students with Disabilities, (OSD) www.uta.edu/disability or calling 817-272-3364.

Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671. Only those students who have officially documented a need for an accommodation will have their request honored. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability or by calling the Office for Students with Disabilities at (817) 272-3364.

Title IX Policy

The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. For information regarding Title IX, visit www.uta.edu/titleIX or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.

Electronic Communication

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

Student Feedback Survey

At the end of each term, students enrolled in classes categorized as “lecture,” “seminar,” or “laboratory” shall be directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student

through MavMail approximately 10 days before the end of the term. Each student's feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

Final Review Week

A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week unless specified in the class syllabus. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Campus Carry

Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>

Emergency Exit Procedures

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit, which is located immediately outside the main entrance to this room. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist individuals with disabilities.

<p>Emergency Phone Numbers: In case of an on-campus emergency, call the UT Arlington Police Department at 817-272-3003 (non-campus phone), 2-3003 (campus phone). You may also dial 911. Non-emergency number 817-272-3381</p>
