

Financial Markets and Institutions (Postgraduate) FIN-ISS415

Course Description

Financial markets, or markets for financial assets, play an important role in the efficient functioning of market economy. Financial institutions are any establishments that make these markets function efficiently. The course studies the fundamental principles that govern financial markets and institutions.

Required Texts

Foundations of Financial Markets and Institutions, 4th Edition by Frank J. Fabozzi, Franco P. Modigliani, and Frank J. Jones

The Economics of Financial Markets by Roy E. Bailey

Additional readings will be handed out during lectures

Prerequisite

Postgraduate status needed. Students are assumed to have knowledge that is required for this course.

Course Requirements

Component	Weight
Midterm Exam	30%
Final Exam	40%
Assignments	15%
Quizzes	15%

Learning Outcomes

Upon the completion of this course, the students should be able to:

- Apply concepts relevant to financial markets and financial institutions, such as the flow of funds, levels of interest rates and interest rate differentials, to current events or topical issues.
- Determine and analyze the appropriate measures of risk and return for various financial instruments. Understand the mechanics and regulation of financial securities exchanges and determine how the value of stocks, bonds, and securities are calculated.
- Identify and evaluate the role symmetric versus asymmetric information plays in the structure and operation of the financial system information.
- Evaluate empirical evidence of market performance, and contrast it with theories of market performance.
- Research and analyze specific problems or issues related to financial markets and institutions.
- Explore the international integration of international financial markets and analyze the implications for financial managers.

Evaluation and Grading

A	93-100	B-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	0-59

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. Students are expected to spend 15-20 hours per week outside of class. The University awards **4** credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University's policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Tentative Schedule

Class 1

Course Overview

Financial institutions, financial Intermediaries, and asset management firms

Class 2

Depository institutions: activities and characteristics

Insurance companies

Class 3

Investment companies and exchange-traded funds

Pension funds

Class 4

Financial markets microstructures

Class 5

The level and structure of interest rates

Class 6

The term structure of interest rates

Class 7

Predictability of prices and market efficiency

Class 8

Decision making under uncertainty

Class 9

Review for Midterm

Midterm Exam

Class 10

Portfolio selection: the mean-variance model

Class 11

CAPM Model

Class 12

Arbitrage

Class 13

Empirical appraisal of the CAPM

Class 14

Present value relationships and price variability

Class 15

Bond markets and fixed-interest securities

Class 16

Futures markets

Class 17

Swap contracts and swap markets

Class 18

Options markets

Class 19

Market for credit risk transfer vehicles: credit derivatives and collateralized debt obligations

Class 20

The market for foreign exchange and risk control instruments

