

Fall 2019

FIN 218-HM1: Financial Markets and Institutions

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NEW JERSEY INSTITUTE OF TECHNOLOGY
SCHOOL OF MANAGEMENT

FIN 218 – Financial Markets and Institutions

Section 001/HM1

SYLLABUS

Fall 2019

Instructor: Dr. Xinyuan (Stacie) Tao

Office: SOM 4028

Classroom: Kupfrian 104

Email: xtao@njit.edu

Class Hours: TuTh 1:00-2:20PM

Phone: 973-596-6420

Class Dates: Sep 3 – Dec 22

Office Hour: TuTh 11:30AM – 1:00PM or by appointment

Course Description

This course provides an overview of the main features of financial markets and institutions in the United States, including interest rates and rates of return and how they are determined. It also covers securities traded on the U.S. financial markets including bonds, stocks, and derivatives and discusses how financial institutions, especially commercial banks work, along with the role of government in regulating financial markets and institutions.

Textbook

Mishkin and Eakins, Financial Markets and Institutions, 9th Ed., Pearson Prentice Hall. Recommended.

Textbook Web site:

https://media.pearsoncmg.com/ph/bp/bp_mishkin_fmi_9/index.html

Grading Policy

Final grades will be based on the weights as follows:

Task	Points
Test 1	25
Test 2	25
Presentation	20
Homework/Quizzes	20
Attendance/Participation	10
Total	100

The scale used for grading is as follows:

Grade	Scores
A	scores ≥ 90
B+	$85 \leq \text{scores} < 90$
B	$80 \leq \text{scores} < 85$
C+	$75 \leq \text{scores} < 80$
C	$70 \leq \text{scores} < 75$
D	$60 \leq \text{scores} < 70$
F	scores < 60

Exams

There will be **two** exams in total. Test 1 and 2 each accounts for 25% of your final grade and there is no final exam. Exams are not cumulative.

For each exam, you can bring one-page double sided cheat sheet (8.5" x 11") and a simple or financial calculator. Cell phone, laptops, iPads, any other unauthorized electronic devices, textbooks, and class notes are **not** allowed during exams.

Exams most likely will be a mixture of multiple-choice questions, quantitative problems, and open-ended questions. One extra-credit question might be asked. If you get it right, your grade will be curved up but never curved down.

Make-up exams are allowed **only** for serious illness or emergency. For an illness, you should let me know in advance with a doctor's note. For emergency, you will need to present relevant documentation, which **must be approved** by the Dean of Students and Campus Life.

Presentation

More details about presentation are attached at the end of this document.

Homework

The grade of your homework will be based on **both** accuracy and effort. Failure to do homework regularly will lower your course grade. Late homework will be **not** accepted.

Homework is an integral part of the course, which offers a good opportunity to review what you have learned in the class. You may discuss jointly with your peers on homework assignments. However, I strongly recommend that you try to solve the questions independently. This will help you to better understand the theories and analytical tools that will be covered on the exams.

Homework questions and solutions will be uploaded to **NJIT Canvas**.

Attendance and in-class participation

Attendance, classroom conduct, and in-class participation are credited. You are expected to arrive at class on time and stay until the end. You may miss ONE class without any excuse.

All electronic devices (cell phones) should be turned off or on silence. Laptops are allowed for enhancing learning experience. If your actions disturb your fellow student, I reserve the right to ask you to stop using your devices.

Canvas

There is a Canvas site (canvas.njit.edu) for this course on which documents will be posted as needed. All announcements, assignments, changes, etc. are posted there. The student is responsible for remaining up to date at all times. Important announcement will be e-mailed to the class through Canvas. There is no excuse for not receiving information sent to the class via email. If you have any questions or difficulty with Canvas, here are the links for help:

Canvas Student Guidance: <https://community.canvaslms.com/docs/DOC-10701-canvas-student-guide-table-of-contents>

Where can I go for help (bottom of the webpage): <https://canvas.njit.edu/getting-started-canvas>

Academic Integrity

Academic misconduct will **not** be tolerated. Academic misconduct includes but is not limited to cheating on assignments or examinations, plagiarizing, and sabotaging another's work. Please refer more information to the undergraduate student handbook and academic integrity: <http://www.njit.edu/academics/integrity.php>

Accommodations for Students with Disabilities

Students with special needs as outlined under the Americans with Disabilities Act should first register with the Counseling Center, 205 Campbell Hall 973 596-3414. Go to the web site <http://www.njit.edu/counseling/services/disabilities.php> for more information. If you wish to have a reasonable accommodation made for you in this class, please discuss the matter with me at the earliest possible time.

Tentative Calendar:

Please note that this is a tentative schedule. I reserve the right to adjust if necessary and new version will be announced and posted on Moodle. You are responsible for knowing what is in the latest version.

Dates	Day	Schedule	Textbook chapter	Additional Info	Presentation Slot
9/3/2019	Tuesday	Syllabus			
9/5/2019	Thursday	Intro	1		
9/10/2019	Tuesday	Financial system	2		
9/12/2019	Thursday	Interest rate	3	9/13/2019 Fri: last day to drop a class	
9/17/2019	Tuesday		3		
9/19/2019	Thursday	Risk, return, liquidity	4		
9/24/2019	Tuesday	Market efficiency	6		2
9/26/2019	Thursday	Money markets	11		2
10/1/2019	Tuesday	Bond markets	12		2
10/3/2019	Thursday		12		2
10/8/2019	Tuesday	Stock markets	13		2
10/10/2019	Thursday		13		2
10/15/2019	Tuesday	Other financial markets*	(14 - 16)		4
10/17/2019	Thursday	Review			
10/22/2019	Tuesday	Test 1			
10/24/2019	Thursday			No class	
10/29/2019	Tuesday	Intro: financial institutions	7		3
10/31/2019	Thursday		7		3
11/5/2019	Tuesday	Federal Reserve	9		3
11/7/2019	Thursday	Banking	17		3
11/12/2019	Tuesday	Financial regulation	18		3
11/14/2019	Thursday	Investment banks	22		3
11/19/2019	Tuesday		22		3
11/21/2019	Thursday	Risk management	23		3
11/26/2019	Tuesday	Other financial institutions*	(20, 21)		4
11/28/2019	Thursday			No class, Thanksgiving	
12/3/2019	Tuesday	Financial derivatives*	(24)		4
12/5/2019	Thursday	Review			
12/10/2019	Tuesday	Test 2			

Presentation:

This presentation account for **20% of your final score.**

This presentation is to involve you more in the FIN 218 and to help you learn something of the financial market and institutions. Of course, it would be a great plus if it can generate your interest in finance.

Meanwhile, this individual participation never means to give you hard time. Just let me know if you have any issues and we can discuss to work out together.

Here are requirements and guidance, for your reference.

General:

- Choose a financial topic
- Prepare the **presentation (5 – 8 minutes)** with **visual notes** (such as PowerPoint slides, PDF, and so forth)
- Prepare the **Q&A**: come up with 2 – 3 related questions to the class as well as prepare for your own answers and thinking; meanwhile, get ready for answering questions from the class
- It is better to include but not limited to:
 - Summary of financial news
 - Background of the financial news
 - What we can learn from the news
 - Definition and example of new terms and/or concepts included
 - Introduction of the people who are involved
 - Your interpretation and/or analysis with some evidence such as charts, figures, tables, and etc
- Date of presentation can be selected at your convenience. Each student selects one time slot. First come, first reserve. See the above tentative calendar.
- Copy rights: please cite the original source/authors if you are citing work from others

Topics

- Any financial news that are interesting to you **within one year**, i.e., since 2019 to now
- The more recent, the better
- You are encouraged to find any business-related topic. If you really cannot find one, please let me know.

For HM1 only

As honor students, you will be asked to prepare for one additional presentation. The additional presentation is to challenge you a bit, mainly to enhance your self-learning ability and to practice how to transfer professional knowledge to people with little background.

- This presentation instead is more like a lecture that you will instruct the class. Now, you are in charge!!
- The suggested length would be about 15-20 minutes (as this is a lecture) and interaction with the class is strongly encouraged.

The topic is closely related to financial markets and institutions. Available topics and schedule are as follows, each of you choose one topic. First come, first reserve.

- Mortgage market 10/15 Tuesday
- Foreign exchange market 10/15 Tuesday
- Pension fund 11/26 Tuesday (before Thanksgiving)
- Mutual fund 11/26 Tuesday (before Thanksgiving)
- Insurance company 11/26 Tuesday (before Thanksgiving)
- Futures and forwards 12/03 Tuesday
- Options 12/03 Tuesday
- Swaps 12/03 Tuesday
- Credit Default Swaps 12/03 Tuesday
- FinTech TBD