

FNAN 421, Money and Capital Markets, Syllabus, Spring 2012

Prof. Alexander Philipov
Enterprise 232
(703) 993-9762
email: aphilipo@gmu.edu
<http://mason.gmu.edu/~aphilipo>

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Online address of this syllabus: http://classweb.gmu.edu/aphilipo/teaching/fnan421/spring_2011/

Outline

1. [Class meetings](#)
2. [Course Description](#)
3. [Reading materials](#)
4. [Exams and Grading](#)
5. [Make-up exams](#)
6. [Honor Code](#)
7. [Class schedule](#)

Meeting Schedule

Class meetings and locations

CRN	Subj	Crse	Sec	Title	Days & Time	Date (MM/DD)	Location	Office Hours
14432	FNAN421	001		Money and Capital Markets	MW 12:00pm - 1:15pm	01/23-05/16	Robinson B224	MW 1:30-2:30pm
11297	FNAN421	002		Money and Capital Markets	MW 3:00pm - 4:15pm	01/23-05/16	Krug Hall 242	MW 1:30-2:30pm

Course Description and 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 a grade of C or higher in FNAN 321. The course will also require proficiency in Microsoft Excel and use of a financial calculator.

Text book

The textbook for the class is:

Anthony Saunders and Marcia Cornett, 2008, *Financial Markets and Institutions*, 5th ed., (McGraw-Hill/Irwin).

Lecture notes, practice problems, and extra materials will be posted on Blackboard and my web site.

[Purposes and Functions of the Federal Reserve System](#)

Exams and Grading

The final grade will be based on a set of homeworks, a set of quizzes, one midterm exam, a final exam, and class participation. There will be 5 quizzes of 7 multiple choice questions. Students will be able to choose 4 out of 5 quizzes toward their final grade. The midterm exam will be 22% , the final exam 25%, and class participation will carry 10 points.

Grade Allocation

Type	Weight
Quizzes	28%
Homeworks	16%
Midterm	19%
Final exam	26%
Class participation	11%

The final grade will be based on all the points earned for the course. There will be a total of 1000 points. All exam questions will be 10 points each. A total of 75 exam(22+25)/quiz(28) questions will carry 750 points. That is, 75% of the grade will come from exam/quiz questions. Homework questions will be 1 point each. Ten homeworks with 15 questions each will total a 150 points, or 15% of the total. Students should avoid trying to assign a letter grade to each exam/quiz because the exams are not the same weight. Students will be required to individually record their attendance in Blackboard at the end of every class. In addition, all quizzes will be administered through Blackboard, during the last 35 min. of class.

Make-up exam policy

There will be no make-up midterm exams or quizzes.

Honor Code

By registering for this class, students agree to abide by the honor code, which describes the standards of conduct, academic violations, and the treatment of academic offenses. The Honor Code states that all students "pledge not to cheat, plagiarize, steal, or lie in matters related to academic work." Visit <http://academicintegrity.gmu.edu/honorcode/> to read more about the GMU academic integrity code.

Class Schedule

Week	Date	Topic	CH.	PROBLEM SETS
1	Mon, 01/23/11	Introduction <u>Determinants of interest rates</u>	2	<u>CRS on Greek Debt</u> <u>CRS on US Euro Debt</u> <u>The week that crashed Wall Street</u> <u>In-class problems</u>
1	Wed, 01/25/11	Determinants of interest rates (continued)	2	will be posted on Blackboard
2	Mon, 01/30/11	<u>Interest rates and security valuation</u>	3	will be posted on Blackboard <u>In class problems</u>
2	Wed, 02/01/11	Interest rates (continued)	3	
3	Mon, 02/06/11	Interest rates (continued)	3	will be posted on Blackboard
3	Wed, 02/08/11	QUIZ I (7 questions, ch. 2,3)	4	will be posted on Blackboard
4	Mon, 02/13/11	<u>The Federal Reserve System</u>	4	will be posted on Blackboard
4	Wed, 02/15/11	Federal Reserve (continued)	5	
5	Mon, 02/20/11	<u>Money Markets</u>	5	<u>In class problems (with solutions)</u>
5	Wed, 02/22/11	Money Markets (continued)	6	
6	Mon, 02/27/11	QUIZ II (7 questions, ch. 4,5) <u>Bond markets</u>	6	<u>Naked short selling</u> <u>In class problems (with solutions)</u>
6	Wed, 02/29/11	Bond Markets (continued)	7	will be posted on Blackboard
7	Mon, 03/05/11	<u>Mortgage markets</u>	7	<u>In class problems</u>
7	Wed, 03/07/11	Mortgage markets (continued)	7	
8	Mon, 03/12/11	No Class, Spring Break		
8	Wed, 03/14/11	No Class, Spring Break		
9	Mon, 03/19/11	MIDTERM EXAM (22 questions, ch.2,3,4,5,6,7)		
9	Wed, 03/21/11	<u>Commercial Banks: Overview</u>	11	will be posted on Blackboard <u>In-class problems</u>
10	Mon, 03/26/11	<u>Commercial Banks</u>	12	will be posted on Blackboard <u>In-class problems</u>
10	Wed, 03/28/11	Commercial Banks (continued)	12	will be posted on Blackboard
11	Mon, 04/02/11	<u>Regulation of Commercial Banks</u>	13	will be posted on Blackboard <u>In-class problems</u>
11	Wed, 04/04/11	QUIZ III (7 questions, ch. 11,12) Regulation of Commercial Banks (continued)	13	will be posted on Blackboard
12	Mon, 04/09/11	<u>Regulation of commercial banks, Reserve requirements</u>	13	will be posted on Blackboard <u>Appendix 13C&D</u>
12	Wed, 04/11/11	Reserve Requirements (continued)	13	will be posted on Blackboard
13	Mon, 04/16/11	Bank Regulation, Continued		will be posted on Blackboard
13	Wed, 04/18/11	Bank Regulation, Continued		will be posted on Blackboard
14	Mon, 04/23/11	QUIZ IV (7 questions, ch.13)		will be posted on Blackboard
14	Wed, 04/25/11	<u>Financial Reform Bill Summary</u>		will be posted on Blackboard
15	Mon, 04/30/11	<u>Financial Reform Bill Summary</u>		
15	Wed, 05/02/11	QUIZ V (7 questions) Financial Reform Bill (continued) Review for final exam		will be posted on Blackboard
	Wed, 05/14, 10:30--1:15	Sec 1 (12:00-1:15)		FINAL EXAM (26 questions, ch. 11, 12, 13, App. ch.13, Financial Reform Bill)
	Mon, 05/14, 1:30--4:15	Sec 2 (3:00-4:15)		