



## School of Management

### Syllabus MBA 703 X01: Financial Markets Dr. S. Nikolova Summer 2006

**Office:** 237 Enterprise Hall  
**Phone:** (703) 993-4866  
**Email:** [snikolov@gmu.edu](mailto:snikolov@gmu.edu)

**Lecture Time and Room:** MWF (dates below) 7:00 - 10:00 P.M. (SUB II SOM3, FX campus)  
**Office Hours:** MW 4:30 - 6:00 P.M. or by appointment  
**Class Website:** <http://WebCT41.gmu.edu>

#### Course Overview and Objectives

This course is designed to provide students with a basic understanding of the structure and operations of financial markets. The main topics include (1) financial institutions, (2) debt markets and debt valuation, and (3) derivative markets and derivative valuation.

#### Prerequisites

This is an intermediate level course. It assumes that students have a good working knowledge of the basic theoretical and practical concepts of financial management. That is, it assumes a successful completion of MBA 643 or a comparable course.

#### Textbooks and Materials

It is required that you read Fabozzi, F. J. and F. Modigliani (FM), *Capital Markets: Institutions and Instruments*, 3<sup>rd</sup> edition, Prentice Hall, 2003. In addition, lecture noteshells and supplemental articles will be available on the class website.

#### Grading

Your final grade will be based on the following components:

Four weekly quizzes	40%
Five article write-ups	25%
Final (cumulative)	30%
Class participation	5%

All available grades, including pluses and minuses, may be used.

#### Quizzes/Exams

The quiz/exam schedule for this class is as follows:

Quiz 1	Monday, 6/5
Quiz 2	Monday, 6/12
Quiz 3	Monday, 6/19
Quiz 4	Monday, 6/26
Final Exam	Friday, 7/7

No make-up quizzes or exams will be offered. In the case of quizzes, students with a documented university-approved excuse will have the weight of the final increased accordingly. In all other cases, a grade of zero will be recorded for that portion of the material. In the event that a student has missed a preponderance of the material from important subject areas, the proportion of material on the final exam from that section may be increased (at my discretion) for the individual in question in lieu of a make-up exam. While I realize that most of you work, the quiz/exam schedule for this class is being provided today. Please, do not miss a quiz or exam as a result of work-related issues.

All quizzes/exams are in-class, closed-book and closed-notes, and no “cheat sheet” will be provided or allowed. You will be required to bring your own financial calculator to the quiz/exam. The sharing of calculators or the use of graphing calculators (and any other calculators that allow for the storage of information) will not be permitted.

### **Homework**

There is provided homework for each topic covered in class lectures. It is your responsibility to do your homework, check the solutions, and talk to me during office hours if there is any part of the homework that you do not understand. Although you will not be given explicit credit for doing your homework, you should realize that homework is an integral part of your learning experience in this class. Your best strategy for success is to do your homework consistently and conscientiously on a weekly basis. Quiz and exam questions are likely to be similar to those that you see in the homework assignments.

### **Group Article Write-ups**

Changes in technology, the economic and political environment, and regulation constantly affect the operations of financial markets. By discussing these on-going events and their impact on financial markets, institutions and instruments, we can gain a better understanding and appreciation of the principles covered in this course.

With this in mind, every week (and at least one week before a write-up due date) I will post articles and questions related to the articles on the course website. To prepare for in-class discussion, each student group will be required to submit a three-page (or less) write-up on each set of posted articles. Write-ups are due at the beginning of class on or before the dates indicated in the schedule below. Groups should consist of 3-5 students.

### **Re-grade Policy**

If I incorrectly summed-up your quiz/exam points or gave you insufficient credit for a portion of your quiz/exam, please do the following:

1. Within one week of receiving back your quiz/exam turn in all of the graded material in question.
2. In addition, turn in a written explanation of why you believe that a grading mistake occurred. Note that you will be given only one opportunity to argue your case, so make your argument as clear and strong as possible. Also, please note that if I agree with you in that a mistake occurred in grading a portion of your quiz/exam, I will re-grade all of the submitted material in order to ensure that no other mistakes were made. This may result in a lower quiz/exam grade once the submitted material has been re-evaluated.
3. Provide me with your contact information (phone/email) so I can reach you once I have re-graded your quiz/exam.

**Honor Code**

Unless I specifically give you permission to work on something together, you are expected to work on your own. On all materials submitted for grading, the following Honor Code pledge is implied: *“Student members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.”* Any student submitting plagiarized material for grading or cheating on an exam/quiz will receive an “F” for the class.

**Attendance Policy**

You are expected to attend class regularly. If you miss class, it is your responsibility to obtain notes on the material covered. While I understand that we all face tight time schedules, it is disruptive and inconsiderate to your classmates for you to come to class late. Please, make every effort to be on time!

**Students with Disabilities**

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

## **Tentative Lecture Schedule**

Lecture 1 (5/31) Overview of Main Concepts [FM: Ch. 1, 2, 6, 7]

Lecture 2 (6/2) Depository Financial Institutions [FM: Ch. 3]

**Write-up 1 due\*:** Regulation of commercial banks

Lecture 3 (6/5) Depository Financial Institutions (Cont.)

Non-depository Financial Institutions [FM: Ch. 4, 5]

**Quiz 1: Lecture 1 and Lecture 2**

Lecture 4 (6/7) Non-depository Financial Institutions (Cont.)

**Write-up 2 due:** Hedge funds

Lecture 5 (6/12) Overview of Money Markets and Debt Markets [FM: Ch. 20, 21, 23  
(pp.449-462), 24]

**Quiz 2: Lecture 3 and Lecture 4**

Lecture 6 (6/14) Bond Pricing and Risks [FM: Ch. 18, 19]

**Write-up 3 due:** TBA

Lecture 7 (6/19) Bond Pricing and Risks (Cont.)

**Quiz 3: Lecture 5 and Lecture 6**

Lecture 8 (6/21) Bond Pricing and Risks (Cont.)

**Write-up 4 due:** TBA

Lecture 9 (6/26) Futures Markets [FM: Ch. 10, 28 (pp. 552-564)]

**Quiz 4: Lecture 7 and Lecture 8**

Lecture 10 (6/28) Options Markets [FM: Ch. 11, 28 (pp. 564-570)]

**Write-up 5 due:** TBA

Lecture 11 (7/5) Swaps Markets [FM: Ch. 12, 29 (pp. 576-598)]

Final Exam Q&A

\*I would prefer that you read the articles for our Friday (6/2) meeting since this is the date on which we will discuss them. However, the write-up submission deadline will be Monday (6/5).