

Finance 3700 – Spring 2014
Financial Markets and Institutions

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Class Schedule: 8-9:15 and 11:00 – 12:15 T-Th
Office Hours: 10:00-11:00 T – Th or by appointment

Course Prerequisites: FINC 3610 or FINC 3617 is required to take this course.

Text: *Financial Markets and Institutions*, 5th ed., A. Saunders and M.M. Cornett, McGraw-Hill Irwin. Note that we will use the text as a foundation for the course but much of the course will be from the discussion in class of current issues affecting all aspects of financial markets. You may feel free to share a book with someone, to purchase an earlier edition, etc. The book will serve as a reference for many of the details of financial markets such as financial laws and regulations, the role of the various financial institutions, etc. It will be very important that you read the Wall Street Journal. Needless to say, everyday there are events that affect our financial markets and we will spend time each class day understanding those current events.

Wall Street Journal – Subscriptions are available at a discounted rate for students. Go to this website and follow the directions for student subscriptions. You will have to identify the course and instructor in order to receive the student rate. The link is: www.wsj.com/studentoffer We will make extensive use of the Wall Street Journal given the nature of this course.

Course Description: The objective of this course in Financial Markets and Institutions is to provide an overview of financial systems both within the US and globally. We will discuss the financial intermediaries such as commercial banks, credit unions, investment banks, etc. and the role that each intermediary plays in the functioning of financial markets not only in the US but in other parts of the world. There will also be coverage of the various types of financial instruments that are available in our financial markets. Also covered will be the nature of financial market regulation.

Method of Instruction: The primary method of instruction will be lecture and classroom discussion of issues related to financial markets. The course will be a blended course with some lectures that are delivered via video that you can watch at any time. So we will not actually meet in the classroom each and every day of the semester. The video lectures will be posted to Canvas and you should watch those and be prepared to discuss the topics when we are meeting in class. The course will entail a moderate amount of reading and we will relate the text material to current events in world markets by reading the *Wall Street Journal* each day. You are strongly urged to read the *Wall Street Journal* regularly and will likely see questions on the exams related to current events in financial markets.

Classroom Policies and Student Responsibilities:

- It is expected that each of you will maintain a high level of professional behavior just as you would on a job. That is, it is expected that you attend class regularly and be on time. Should you happen to be a bit late, please enter the class in a quiet manner and take a seat at the rear near the door in order not to disrupt the class. Likewise, you are expected to remain for the entire class. Should it be necessary for you to leave early for medical appointments, etc. please let me know ahead of time. In that case, you should sit near a door and then exit as quietly as possible.

- Be advised that no food or drinks are allowed in the classroom. Please insure that you follow this policy.
- Attendance is expected. I will check attendance each class day. Your commitment to the class and the material as demonstrated by your attendance and participation is very important. I am always willing to help those who are working hard to learn the material. Attendance is one way of demonstrating that effort. Attendance does not factor directly into your final course grade but may be used for those whose final averages end up on the border between a higher and lower grade.
- Should you be absent on an exam day, you must provide an excuse that is officially accepted by the university.
- Note that email is considered an official means of communication by Auburn University. You should check your email regularly to any updates or information regarding the course.

Statement of Accomodation: Students who need accommodations are asked to arrange a meeting during office hours the first week of classes, or as soon as possible if accommodations are needed immediately. If you have a conflict with my office hours, an alternate time can be arranged. To set up this meeting, please contact me by E-mail. Bring a copy of your Accommodation Memo and an Instructor Verification Form to the meeting. If you do not have an Accommodation Memo but need accommodations, make an appointment with The Program for Students with Disabilities, 1244 Haley Center, 844-2096 (V/TT).

The following information is taken from the Program for Students With Disabilities website:
(<http://www.auburn.edu/academic/disabilities/services.html>)

“For accommodations in the classroom, an Accommodation Memo is developed. Students are responsible for meeting with teachers to discuss their specific needs in each class. The student must do this every semester with each of their teachers. It is best to have these meetings during the first two weeks of class. Teachers often have ideas about what will work in their class as well. It is important to remember that accommodations and services are not retroactive; that is, they are to begin when the student meets with the teacher and presents a memo. The teacher is not obligated or encouraged to consider the Accommodation Memo retroactive to the beginning of the semester. It is the student's responsibility to attend class and communicate with teachers. Email is considered "Official Communication" and should be read often. If a student requests accommodations, but has no Accommodation Memo, the teacher should immediately refer the student to The Program for Students with Disabilities. “

Exams and Grading: There will be four regularly scheduled exams and a final course examination. In addition, there is a research paper that is required for the course. The exams will be primarily multiple choice in format but may also include some short discussion questions and/or numerical problems. The final exam will be comprehensive. The final course grade will be determined using the following weights:

Exam 1	20%
Exam 2	20%
Exam 3	20%
Final Exam	25%
Paper	15%

Research Paper: The research paper is to be on a topic of your choice, but that topic must be approved by the instructor. The paper should be no more than 7 pages and no less than 5 pages, double-spaced. You should have no fewer than eight references from journals, books, etc. and the references should be relatively current, i.e., no older than 8 years. We will discuss possible ideas for

papers in class. The research paper will be due **on April 3rd**. Since you have more than adequate time for the paper, **no late papers will be accepted without severe penalty**. Plagiarism is taken very seriously and any evidence of plagiarism will be referred to the Academic Honesty Committee.

Course Schedule: The following schedule is tentative but we will make every effort to follow it. Every class however is different and we may get a bit ahead or perhaps a bit behind schedule. Just keep in mind that the specific chapters and how much time is spent on each are subject to change depending on the progress of the class. The exams however will be given on the date indicated. The material covered may change but the exams will be given as scheduled. Just keep in mind that as the semester progresses we may not be able to cover each topic listed, particularly toward the end of the semester.

There may be material in addition to the text material mainly drawn from the Wall Street Journal and perhaps some other current periodicals.

Class	Class Date	Topic	Related Text Chapter
1	January 9	Course Introduction	1
2	January 14	Interest Rates/Risk Structure and Term Structure	2-4
3	January 16	Federal Reserve System	2-4
4	January 21	-----	2-4
5	January 23	Money Markets	5
6	January 28	-----	5
7	January 30	Bond Markets	6
8	February 4	-----	6
9	February 6	Mortgage Markets	7
10	February 11	Exam 1	
11	February 13	Equity Markets	8
12	February 18	-----	
13	February 20	Banking	11-12
14	February 25	-----	11-12
15	February 27	-----	11-12
16	March 4	Bank Regulation-Introduction	13
17	March 6	Exam 2	
	Mar 10-14	SPRING BREAK	
18	March 16	Bank Regulation Continued	13
19	March 18	Thrift & Credit Union Institutions	14
20	March 20	-----	
21	March 25	Insurance Companies	15
22	March 27	Securities Regulation	16
23	April 1	-----	16
24	April 3	Pension Funds	17-18
25	April 8	Managing Risk-Overview (time permitting)	19-20
26	April 10	Exam 3	
27	April 15	-----	19-20
28	April 17	Global Markets	
29	April 22	Last Class Day/Review	
		Final Exam	