FINANCIAL MARKETS AND INSTITUTIONS - FINA 5345

<table>
<thead>
<tr>
<th>FINA-5320.W01</th>
<th>Dr. Rodrigo Hernandez</th>
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<tbody>
<tr>
<td>Semester:</td>
<td>Summer 2018 W01 - 5/9 - 6/27</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Rodrigo.Hernandez@tamucc.edu">Rodrigo.Hernandez@tamucc.edu</a></td>
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<tr>
<td>Telephone:</td>
<td>(479) 200-5228</td>
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<tr>
<td>Skype:</td>
<td>rodrigo24073</td>
</tr>
<tr>
<td>WebEx Sessions Office Hours:</td>
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<tr>
<td>- Dr. Rodrigo Hernandez</td>
<td>Thursday  7:30 - 9:30 pm CT</td>
</tr>
<tr>
<td>- Kaschia Hogan <a href="mailto:Kaschia.hogan@tamucc.edu">Kaschia.hogan@tamucc.edu</a></td>
<td>TBA</td>
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**Course Overview**

This course introduces students to interest rates and interest rate theory, bond pricing, the term and risk structure of interest rates, and financial futures. Students will also examine the application of this knowledge in the investment and commercial banking sectors.

**Course Goals and Objectives**

At the end of this class, the average student will be able to:

- Describe various forms of financial institutions and articulate these institutions’ economic role in the domestic and international economy.
- Identify the determinants of interest rates.
- Evaluate the financial health of a financial institution.
- Quantify the risk exposures of a financial institution.
- Devise a feasible method of controlling risks.
- Identify and value various forms of fixed income securities.

**Learning Goals**

By the end of this course, students will be able to:

1. Understand the role and purpose of financial markets and institutions in society
2. Explain evolution of financial market regulation and current trends.
3. Discuss the similarities, differences, advantages, and disadvantages of various types of financial organizations.
4. Describe the global impact of central banking principles and monetary policy on financial institutions and markets.
5. Understand the role of market regulatory agencies in the function of an orderly market.
6. Understand the role of the national auction markets in price discovery of financial assets and derivatives.
**Time Commitment**

This is a graduate level Finance course. Many topics in Finance are far more challenging than other business topics. This course will require significant more time and effort than most other graduate level business courses. Please plan your time and effort accordingly. This course is delivered during a short 7-week window. It is imperative that you keep up with the pace of the course because tools and theories learned early on are quickly built upon and utilized throughout the rest of the course. All students are encouraged to ask questions and share insights.

For a classroom based course a student would expect to spend 45 contact hours in the classroom plus 90 additional hours of outside preparation and study. This same metric should apply for online courses. A student should spend a minimum of 135 hours of time to successfully complete this course.

You are also expected to behave professionally online. Please be polite, courteous, and respectful towards your peers, and your professor, even if you do not agree with them.

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**Major Course Prerequisites:**

Graduate standing

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**Text and Resources:**


**Minimum Requirements:**

- Homework Management System CONNECT (comes with e-Textbook)

We will be using the Connect management system, which combines access to homework, practice, and tests with an e-book.

- Financial calculator – the cheapest and most recommended is the Texas Instruments BA II Plus

**Required Software**

Microsoft Internet Explorer (11.0) or Firefox
Adobe Acrobat Reader (11.0 or higher)
Microsoft Office 2013

**Websites**

1. BlackBoard: https://bb9.tamucc.edu/webapps/login/
2. WebEx: https://tamucc.webex.com
Course Work

Assessment will occur from three categories of student activities; homeworks, exams, and an online discussion.

Homework

There are 13 homework assignments, each worth 35 points. All homework will be administered in Blackboard. After you submit the homework assignment, you will receive immediate feedback on your score, however, the solution will only be provided after the homework assignment is closed.

Exams

There will be two midterm exams each worth 250 points. They will be administered online in Blackboard but proctored by Examity.

EXAMITY

Your online tests in this class will be proctored by a service called Examity at an extra cost per exam (approximately $23). Examity gives you the flexibility to schedule exams at your convenience and take them wherever and whenever you want.

You need to set up your Examity account, which must be done before you can schedule exams. Set-up consists of the following 2 steps:

1) Accessing the system:
   • You can access Examity through Blackboard.
   • Log into Blackboard, and click on the Examity link on the left side of your Blackboard homepage. This will take you to your Examity dashboard.

2) Update your profile:
   • You will need to update your profile by creating 3 unique security questions.
   • You will also need to upload a government-issued picture ID (such as Driver’s license or State ID). You will need to bring this ID with you every time you take a test (for verification purposes) so make sure you use an ID that you have regular access to.
   • Update your time zone.

Once you have finished setting up your account, you can schedule exam appointments whenever you want. If you schedule more than 24 hours in advance, you will not be charged. However if you need to schedule less than 24 hours in advance, you will have to use the on-demand scheduling option, which will include additional fees.

Examity will provide you with a step-by-step guidebook on how to use the software in order to ensure that setup, scheduling, and the test-taking process are as simple as possible. Examity also offers 24/7 tech support via phone, email, or chat.
Discussion Board

There is one discussion assignment, 45 points. You will post a brief introduction of yourself (bio) and comment on two other introductions. This will occur in the relevant forum, located in your section's folder under "Discussion Board."

Grading

<table>
<thead>
<tr>
<th>Course Work</th>
<th>Points</th>
<th>Percentage of Total Grade</th>
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<tbody>
<tr>
<td>Homework (13 @ 35 points)</td>
<td>455</td>
<td>45.5%</td>
</tr>
<tr>
<td>Exams (2 @ 250 points)</td>
<td>500</td>
<td>50%</td>
</tr>
<tr>
<td>Discussion Board (1 @ 45 points)</td>
<td>45</td>
<td>4.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,000</td>
<td>100%</td>
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<table>
<thead>
<tr>
<th>Letter Grade Distribution</th>
<th>Letter Grade</th>
<th>Final Total %</th>
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<tbody>
<tr>
<td>A</td>
<td>90% – 100%</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>80% – 89.9%</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>70% – 79.9%</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>60% – 69.9%</td>
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<tr>
<td>F</td>
<td>below 60%</td>
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Instructor Feedback

Lead Instructor

The lead instructor, Dr. Rodrigo Hernandez, will hold WebEx web conferencing sessions each week. Refer to the Course Schedule for the specific dates and time. During this session, he will provide feedback on material covered and assessed in the previous week, and an overview of upcoming material. In addition to this weekly session, the lead instructor will broadcast announcements on the "Announcements from the Lead Instructor" discussion forum, and provide additional insights and clarification on course materials and discussions through participation in section-specific discussions.

Grading Feedback

Instant feedback is provided for homework assignments. For discussions, exams, and mini-cases, the turn-around time will be within (around) 72 hours.

Live, Synchronous Web Conferencing Sessions

The lead instructor will conduct a weekly web conferencing session. Please refer to the Course Schedule for the specific dates and times when each of these webinars will be held. These sessions provide an excellent opportunity for you to ask questions, get more details about specific topics or assignments, as well as give you a chance to interact directly with your instructor and fellow class members. Although attendance is not required, it is strongly recommended that you participate in each webinar. Sessions will be recorded so that you can access them at a later time, if needed.

The web conferencing tool, WebEx, is accessible from the "Course Tools" link. Please refer to these helpful WebEx resources for more information,
## Tentative Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Dates</th>
<th>Module</th>
<th>Chapter</th>
<th>Assignments</th>
<th>Due Date (by 11:55pm Central)</th>
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</table>
| Week 1     | 5/9-5/13   | Module 1: Introduction and Overview of Financial Markets | Chapter 1     | Discussion #1: Introduce Yourself Activity       | Original post only: 5/11 (Friday)  
Reply posts: 5/13 (Sunday)     |
|            |            |                                             |               | Homework #1                                      | 5/20 (Sunday)                |
|            |            |                                             | Chapter 2     | Homework #2                                      | 5/20 (Sunday)                |
| Week 2     | 5/14-5/20  |                                             | Chapter 3     | Homework #3                                      | 5/20 (Sunday)                |
|            |            |                                             | Chapter 4     | Homework #4                                      | 5/20 (Sunday)                |
| Week 3     | 5/21-5/27  | Module 2: Securities Markets                | Chapters 5, 6 & 7 | Homework #5                                      | 5/27 (Sunday)                |
|            |            |                                             |               | Homework #6                                      | 5/27 (Sunday)                |
| Week 4     | 5/28-6/2   | Chapters 8, 9 & 10                         |               | Homework #7                                      | 6/2 (Saturday)               |
|            |            |                                             |               | Homework #8                                      | 6/2 (Saturday)               |
| Exam 1     |            |                                            | Ch 1-10       | (Sunday 6/3- Monday 6/4)                         |                               |
| Week 5     | 6/4-6/10   | Module 3: Commercial Banks                 | Chapters 11, 12 & 13 | Homework #9                                      | 6/10 (Sunday)                |
|            |            |                                             |               | Homework #10                                     | 6/10 (Sunday)                |
| Week 6     | 6/11-6/17  | Module 4: Other Financial Institutions      | Chapters 14, 15, 16, 17 & 18 | Homework #11                                     | 6/17 (Sunday)                |
| Week 7     | 6/18-6/24  | Module 5: Risk Management in Financial Institutions | Chapter 19, Chapter 20 (p. 588-291; 608-611) | Homework #12                                     | 6/24 (Sunday)                |
|            |            |                                             | Chapters 22 & 24 | Homework #13                                     | 6/24 (Sunday)                |
| Exam 2     |            |                                            | Ch 11-24      | (Monday 6/25, Tuesday 6/26 & Wednesday 6/27)     |                               |

### The MBA Oath

The MBA Oath was created to make a real impact on the meaning of the MBA degree and on the role people expect business to play in society. While other professions have certain guiding principles/pledges that are administered at graduation or after passing certain professional examinations, this does not presently exist for business school students. The students who designed the MBA Oath believe the purpose of the Oath is to set a new standard for how people conduct business in the future. Please visit the following website to learn more about this initiative from a number of MBA alumni: [http://mbaoath.org/](http://mbaoath.org/)
Course Policies

Attendance/tardiness
Because of the short 7-week duration of this course, you are strongly encouraged to arrange your schedule to facilitate timely completion of all assignments. Make-up work will be allowed only for truly exceptional circumstances that must be communicated with the instructor in a timely manner, and will be subject to a 20% penalty.

Though this is an online course, one is expected to attend (log in) at regular intervals to complete assignments and participate in other class activities.

Extra Credit
None unless provided.

Cell Phone/Electronic Device Usage
Students are NOT allowed to use cell phone and/or any other electronic devices during examination time unless specific permission is granted by the instructor.

Academic Integrity/Plagiarism.
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in FAILURE and Censure.

Dropping a Class
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop course to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by contacting the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class.

Classroom/professional behavior
Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the classroom. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.
Statement of Civility
Texas A&M University-Corpus Christi has a diverse student population that represents the population of the state. Our goal is to provide you with a high quality educational experience that is free from repression. You are responsible for following the rules of the University, city, state and federal government. We expect that you will behave in a manner that is dignified, respectful and courteous to all people, regardless of sex, ethnic/racial origin, religious background, sexual orientation or disability. Behaviors that infringe on the rights of another individual will not be tolerated.

Grade Appeals
As stated in University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Dean’s office in the college in which the course is taught or the Office of the Provost.

Disabilities Accommodations
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Corpus Christi Hall 116.
If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

Statement of Academic Continuity
In the event of an unforeseen adverse event, such as a major hurricane and classes could not be held on the campus of Texas A&M University–Corpus Christi; this course would continue through the use of Blackboard and/or email. In addition, the syllabus and class activities may be modified to allow continuation of the course. Ideally, University facilities (i.e., emails, web sites, and Blackboard) will be operational within two days of the closing of the physical campus. However, students need to make certain that the course instructor has a primary and a secondary means of contacting each student.

Relationship to Other Coursework:
The application of the knowledge accumulated in FINA 5311 to real world financial problems advance the capabilities of graduates. FINA 5320 integrates mathematical and analytical tools acquired in lower level business courses. Financial analysis and proposed solutions is similar to a
typical corporate environment. A written analysis and proposed courses of action improve the written communication skills and a required presentation to the class also improves oral communication skills. The principles of financial management in a corporate environment form a foundation for concepts in related finance courses including risk management, real estate, and financial markets and institutions. Although a corporate environment is emphasized in the course, basic principles are applicable in partnerships, proprietorships, and estate management.

**Academic Honesty:**
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery, or plagiarism (the presentation of the work of another as one’s own work). The University policy of scholastic dishonesty will be strictly followed with no exceptions.
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

**Americans with Disabilities Act Compliance**
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Driftwood 101.
If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816. *Required by SACS or HB2504