

FINANCE 408 – Section 003
Financial Markets and Institutions
Spring 2007 (01/16 – 05/04)
T R 1:00P - 2:15P, 003 Business Building

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Office Hours: T.R. 2:30-4:00P

Course Outline

I. Course Description:

The purpose of this course is to provide students with an introduction to the financial system, including major financial markets, institutions, and instruments. The larger objective of the course is to understand how the financial market place facilitates the movement of resources from ultimate lenders to ultimate borrowers. We will begin by studying the determination of interest rate, and the functions of the Fed and its monetary policy. We will then study various financial markets for financial instruments. We will examine the determinants of financial prices and yields, and learn the quantitative tools and perspectives to evaluate financial prices and risks. Finally, we will study the structure and operation of some major financial institutions.

II. Course Materials:

Text Book: Financial Markets and Institutions, by Mishkin and Eakins, 5th Edition, Addison Wesley

Course Website: <https://cms.psu.edu>

III. Course Requirements/Grading:

- (1) Three exams will be given during the semester. See the attached schedule for exam dates. Each exam will be *closed book* and given *in class*. Exams will not be cumulative, although later exams may use previous knowledge. All three exams are required. Students must take all three exams on the scheduled exam dates. Rescheduling of exams will require *written* notice and adequate documentations as determined by the instructor in accordance with University policy. Overall, exams will count for 70% of the final grade.
- (2) A total of three quizzes will be given during the semester. The best 2 out of 3 scores will count toward final grading (i.e., you can drop one quiz score). The attached schedule indicates when quizzes will occur. Overall, quizzes will count for 15% of the final grade.
- (3) Homework and class participation will be a component of final grading. Periodically, homework problems will be assigned and discussed in class. Students are expected to accomplish scheduled assignments prior to classroom discussion. Periodically, students will be required to hand in written solutions/answers to assignments for grading. See the

attached schedule for the due dates for HWs. Late homework will receive *zero* automatically. Overall, HWs and class participation will count for 15% of the final grade.

(4) Summary of Component Weights for Final Grading:

Exam I	25%
Exam II	25%
Exam III	20%
Quizzes	15%
HW/Class Participation	<u>15%</u>
Total	100%

(5) Preparation for quizzes and exams: Students are responsible for the materials in the textbook, not all of which will be covered in class. Students are also responsible for the additional materials covered in the lectures. Calculator is required (not necessarily financial calculator). Students are strongly recommended to figure out the answers to the homework questions and in-class examples on your own since they may appear again in the quizzes or exams.

Pennsylvania State University Policy:

Academic Integrity:

According to the University Advising Handbook:

Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University's Code of Conduct, you must not engage in or tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used without informing the instructor, or tampering with the academic work of other students.

Any violation of academic integrity will be thoroughly investigated, and where warranted, punitive action will be taken.

Action & Sexual Harassment:

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Direct all inquiries to the Affirmative Action Office, 328 Boucke Building.

Americans with Disabilities Act:

The Smeal College of Business Administration welcomes persons with disabilities to all of its classes, programs, and events. If you need accommodations, or have questions about access to buildings where Smeal College activities are held, please contact us in advance of your participation or visit. If you need assistance during a class, program, or event, please contact the member of our staff or faculty in charge. Access to **Finance** courses should be arranged by contacting the **Finance Department Office**: (814-863-0486).

An Invitation to Students with Learning Disabilities:

It is Penn State's policy to not discriminate against qualified students with documented disabilities in its educational programs. If you have a disability-related need for modifications in your testing or learning situation, your instructor should be notified during the first week of classes so that your needs can be accommodated. You will be asked to present documentation from the Office of Disability Services (located in 116 Boucke Building; 863-1807) that describes the nature of your disability and the recommended remedy. You may refer to the Nondiscrimination Policy in the *Student Guide to University Policies and Rules*.