

FINA 4000: Money and Capital Markets
Syllabus, Term: Spring 2007
Call #:90-115, TR 2:00-3:15P; Room 107, Caldwell Hall
Call #:40-121, TR 3:30-4:45P; Room 107, Caldwell Hall

Instructor: Naresh Bansal
Office: Room G-14 (Brooks)
Phone: 542-3639
Email: nbansal@uga.edu

*Please include "FINA 4000" in the subject line.
Be careful, anything that comes as attachment is not opened.*

Office Hours: Tuesday 11:00-12:00 and Thursday 12:30-1:30

Best way to seek extra help:

I believe that the best way to clarify doubts is to meet face-to-face. I generally come to the class early and stay a few minutes after the class. I strongly encourage students to meet me and ask questions during this time.

Second, make use of my office hours. Walking up to my office also shows your commitment and sincerity. To allow a maximum opportunity to make it to my office hours, I have kept two different times on Tuesdays and Thursdays. I choose these days as you are on campus on these days (for purpose of this class).

Third, send me an email. Please be considerate and be specific in your emails. As a general rule, I don't like to reply to any email that can't be answered in 5 sentences or less.

Course description:

The operations and functions of domestic and international finance markets and institutions. The determinants of bond prices and the level and structure of interest rates. Techniques for measuring and managing risk in financial markets.

Prerequisite:

FINA 3000 and (MSIT 3000 or STAT 3000).

Required Materials:

1. Text Book: *Financial Institutions, Markets, and Money*, 9th edition by Kidwell, Blackwell, Whidbee and Petersen, John Wiley & Sons, ISBN: 0-471-69757-5
2. Financial Calculator: **TI BA II PLUS**
I will be supporting this calculator in class lectures. If you use a different calculator, you are on your own in figuring out how it works and you must get it approved from me if that calculator would be allowed in tests. As a general rule, no programmable calculator is allowed in exams.

Course Grading Policies:

There will be three in-class tests, a final, up to a maximum three in-class quizzes and an optional project. The grading pattern, that will be applicable for you, will depend on whether you choose to do the project. So, read the requirements very carefully.

“No Project” Grading Pattern

I expect most of the class to fall under this category. Be default, you will be graded under this option. You will be graded based on the in-class tests, quizzes and the final. There are two methods in which your final score will be computed. Under Method 1, each of the three in-class tests is worth 100 points with no drops allowed. The final exam is cumulative and weighted the same as each test. Under Method 2, each test is worth 100 points but only the top two scores count toward the overall grade. The final exam is cumulative and counts as two test grades or 200 points. The quizzes count the same under both options. I will take your higher score under the two methods.

Method I

Tests (3 tests, 100 points each)	300 points
Final Exam	100 points
Quizzes (up to 3 quizzes of 10 points each)	0-30 pts

Method II

Tests (Best 2 out of 3, 100 points each)	200 points
Final Exam	200 points
Quizzes (up to 3 quizzes of 10 points each)	0-30 pts

“With Project” grading pattern (skip rest of this page, if it doesn’t apply to you)

The following is required if you wish to do a project:

1. *You must take Test-1 and Test-2.* If for any reason you miss either of these tests, you will be automatically graded under “No project” grading pattern.
2. *Initial Report - February 15 (Th)*
The initial report should be roughly two pages (500 words). I will comment on your report within a week of submission. If I find that your idea isn’t interesting enough or isn’t acceptable for some other reasons, you will be automatically graded under the “No project” grading pattern. If I do accept your initial report, you will be considered to be graded under “With Project” grading pattern. You will have up to March 20 (Tu) to change your mind. After that date, you will be graded only under this option.
3. *Final Report – April 19 (Th)*
The final report should be not less than 6 pages (1500 words) and not more than 10 pages (2500 words), excluding the tables and figures.
4. *You must be willing to present your work in class if asked to do so.*

The exact details of the project guidelines will be posted on WebCT around 4th or 5th week into the term.

Under this option, you will be graded as follows:

Tests (Test-1 and Test-2, 100 points each)	200 points
Project	200 points
Quizzes (up to 3 quizzes of 10 points each)	0-30 pts
<i>There is no Test-3 or Final</i>	

This option is not for everyone. I expect high standards for the project. You should consider this option only if you are keenly interested in working on some idea. You may end up spending much more time than studying for Test-3 and the final. But at the same time, doing a project can be very intellectually rewarding and help you in your career in finance.

Note about QUIZZES and TESTS:

You must take all exams (including the quizzes and tests) with the section for which you are registered (No exceptions). No exam can be taken early or late. If you miss an exam, you get a zero for that exam. THERE ARE NO MAKEUP QUIZZES OR TESTS FOR ANY REASON WHATSOEVER. If you have an excused reason (explained below) to miss a quiz, I will put additional weight on the final exam (or the project as the case may be). If you miss one test for whatever reasons, you will be graded under Method II. If you miss more than one test, I will put additional weight on your final exam provided **ALL** absences are excused absences.

Excused Absence: Inability to attend due to serious illness, a family emergency, or an university sponsored event. You must provide me a formal note **and** a phone call from a physician or other relevant person.

Tentative Test Dates

These are tentative dates. The exact dates will be announced a week before the actual date.

Test-I Feb 06 (Tu)

Test-II Mar 08 (Th)

Test-III Apr XX (TBA)

Final Exam May 03 (Th) 3:30P-6:30P (Call#: 40-121 , TR 3:30-4:45 Section)

May 08 (Tu) 3:30P-6:30P (Call #: 90-115, TR 2:00-3:15 Section)

Quizzes I may either announce the date of quiz in advance or may give surprise quizzes.

Note: No exam can be taken early or late.

You must take the exam with the section for which you are registered (No exceptions).

Cut-Offs:

Percentage Required for Each Grade (Cut-offs will not increase but may be lowered)

A: 93%, A-: 90%, B+: 87%, B: 83%, B-: 80%, C+: 77%, C: 73%, C-: 70%, D: 60%

Attendance:

Classroom attendance and participation is expected. **Though I don't take attendance, I might give a surprise quiz on days when I find attendance is too low. The only reason to have surprise quiz is to make sure you attend classes regularly.**

Leaving class early: I realize there may be legitimate reasons for you to leave class early. However, please be considerate and let me know *prior to class starting* that you must leave early.

Withdrawal Policy:

Prior to final drop day, students who withdraw will receive one of two grades: W (withdrew passing) or WF (withdrew failing). If the class has already taken one or more tests, the withdrawing student must have passed at least one test to get a W grade. If the withdrawing student has skipped all tests, that student will receive a WF.

Homework:

Suggested problems will be assigned from the text, and solutions will be posted on the WebCT. Homework problems extend the concepts taught in class and are excellent preparation for test questions.

Honor Code:

All academic work must meet the standards contained in "A Culture of Honesty." All students are responsible to inform themselves about those standards before performing any academic work. ANY violation will be reported to the Office of Academic Affairs. **If I find you cheating on any test, I will give you a F grade in my course** (not just in that test) and debarred you from attending my future classes.

Other Things to Remember:

- *Use of Electronic Devices:* **No electronic device, with an exception of financial calculator, is allowed to be used in class. No iPods, any other MP3 players, etc. No Laptops** - my class lectures don't require any use of laptops. If I find you using a one, that clearly indicates you are working on something else. Cell phones must be switched off and kept in the bags or pockets.
- Do bring a financial calculator to every class.
- As a general rule, you can bring in drinks like Coke/Pepsi, coffee or tea, etc. but are not allowed to eat during classes. **I have strict NO chewing gum / bubble gum policy.** If you can't remain without chewing gum, don't take my class.
- *Statement for Students with Disabilities:* If you need adaptations or accommodations because of a disability (i.e., physical, mental, psychological, learning), please see me during office hours as soon as possible. Note that if you need any special attention during exams (like extra time during tests due to physical disability, etc), you must bring it up with me in the first week of classes. I will not entertain any requests in the week of the test.
- The final grade you receive is final. If you are struggling with the course, stop by and see me during office hours. Do not wait until the end of the final exam to talk to me about concerns you have about your grades – by then it will be too late. I do not give extra credit.
- **Take advantage of office hours.**
- You may have to work harder and longer than your classmates to master the material. Working the assigned homework problems is the best step you can take to make a good grade in the course. Be able to understand HOW and WHY you get a result for a particular problem. No two finance problems are alike....

Tentative Course Outline:

<i>Topic</i>	<i>Book Chapter</i>	<i>Days Covered</i>
Introduction and Syllabus		1/9
Unit 1a: Overview of Financial Markets	Chapter 1	1/9, 1/11, 1/16
Unit 1b: Overview of Financial Institutions	Chapter 1	1/18
Unit 1c: Money Supply and Federal Reserve System	Chapter 2 and 3	1/23,1/25,1/30
Reserve Day		2/1
Test – 1 <i>Tentative; Exact date is announced a week before the test</i>		2/ 6 (Tu)
Unit 1d: Macro-economic Indicators		2/8, 2/13
Unit 2a: Interest Rates	Chapter 4 and 6	2/13, 2/15
Unit 2b: Review of Time Value of Money		2/20, 2/22
Unit 2c: Bond Pricing and Interest Rates	Chapter 5	2/22, 2/27
Unit 3a: Overview of Money Markets	Chapter 7	3/1
Reserve Day		3/6
Test – 2 <i>Tentative; Exact date is announced a week before the test</i>		3/8 (Th)
<i>Spring Break, Mar 12(M)-16(F)</i>		
Unit 3b, 3c, 3d: Bond Markets	Chapter 8,9, 10	3/20, 3/22
Unit 3c: Mortgage Markets	Chapter 9	3/22
Unit 3d: Equity Markets	Chapter 10	3/27, 3/29
Unit 4a: Regulations of Financial Institutions	Chapter 16	4/3, 4/5
Unit 4b,4c,4d: Financial Institutions	Chapter 17 -20	4/10,4/12,4/17
Reserve Day		4/19
Test – 3 <i>Tentative; Exact date is announced a week before the test</i>		TBA
Catch Up and Review		4/26

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.