RUTGERS UNIVERSITY  
School of Business - Camden  

Financial markets and institutions – spring 2016  
52:390:325:40  
W 6:00-8:40  
Room 209

Professor: Chee Ng, Ph.D.  
Office location: BCC adjunct office  
Phone: (609) 252-0966  
E-mail: cn267@camden.rutgers.edu  
Office hours: by appointment via email

Course description  
Roles of financial markets and institutions; determination and structure of interest rates; functions of the federal reserve system, its monetary policy and implications; debt and equity securities markets; commercial bank operations and bank regulation; nonbank operations.

Prerequisite: 52:390:301.

Course objective:  
Lectures will provide an introduction to the structure and function of financial markets and financial intermediaries, and students will learn about the importance of interest rates to individuals and institutions. Analyzing the flow of funds within our financial system will be viewed from the standpoint of different constituencies, especially a country’s Central Bank (related to monetary policy). Regulatory issues and financial instruments will also be addressed.

Required text  

Calculators  
Both graphing calculator and financial calculator are permitted. If you choose to acquire a financial calculator, please note that class presentation on its use will be based on the Texas Instruments BAII Plus Professional model. The App version on smartphones is allowed in classroom learning but its use is not allowed in midterms or finals. Reasons: the App version disadvantages those who cannot afford the smartphones, and the proctor can no longer enforce closed-book midterms or finals.

Teaching method  
Lectures, class discussions, and exams/assigned work will be based mainly on material from course textbooks, supplemented by use of appropriate articles, especially those from The Wall Street Journal. It is your responsibility as a student to fulfill all individual course requirements through thorough preparation for each class. This responsibility includes reviewing topics in advance of scheduled classes. Additional responsibilities include perfect, timely attendance (in accordance with university policies), active participation, and completion and timely submission of assignments. Ask the professor for help immediately when necessary.
SYLLABUS UPDATES AND OTHER COURSE COMMUNICATION:
All changes and announcements will be made in class at least once, and/or through the SAKAI site for this course. If you anticipate being absent from class, find a classmate who can pick up handouts etc. for you, as you are responsible for keeping up with this course. Handouts will be brought to class only once, and may not be available in hard copy thereafter. I reserve the right as the Course Instructor to make changes to stated syllabus information at any time. If you do not use your rutgers.edu email domain for your primary email address, please ensure that you forward messages to whatever email address you use. It is your responsibility to “remain current” with course developments. Please check the SAKAI course web site on a daily basis.

COURSE REQUIREMENTS (Grade Weight):

1. **EXAMS:** There will be three Exams: Exam 1 covers Chapters 1 – 5 (30%); Exam 2 covers Chapters 6 – 7 and 9 - 10 (30%), and; Exam 3 (30%) covers Chapters 11 – 13 and 15. Last 10% comes from physical attendance and class participation.

   **Exam Make-up Policy:** The Course Outline does NOT allow any regularly scheduled class dates for “Make-up Exams.” If for some legitimate “university approved” reason you are not able to take a scheduled exam, you must immediately submit valid proof concerning the reason for your absence (e.g.: doctor’s note, an obituary, university approved excuse related to participation in university athletic event, military orders). Written notice regarding this absence must be provided at least one week in advance, so other options can be evaluated. Make-up exams for non-university approved reasons are NOT guaranteed.

2. **CLASS PARTICIPATION (10%):** Punctual attendance for complete, regularly scheduled class sessions is MANDATORY, in accordance with university policy (50%). True class participation involves attentiveness, active “engagement” with course material, and contributing to class discussions (50%). Your questions and comments concerning course topics should be focused and relevant. Do not hesitate to ask any and all questions as may be necessary.

ACADEMIC INTEGRITY

Policy found at [http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers](http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers)

“Academic integrity requires that all academic work be wholly the product of an identified individual or individuals. Joint efforts are only legitimate when the assistance of others is explicitly acknowledged…The principles of academic integrity entail simple standards of honesty and truth. Each member of the university has a responsibility to uphold the standards of the community and to take action when others violate them…Students are responsible for knowing what the standards are and for adhering to them. Students should also bring any violations of which they are aware to the attention of their instructors.”

Students are expected to know, understand and adhere to the policies on academic integrity outlined above.

Principles of academic integrity require that every Rutgers University student:

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1 Rutgers University Code of Academic Conduct, taken from the Student Advising Handbook - [http://camden-sbc.rutgers.edu/CurrentStudents/students/advising.pdf](http://camden-sbc.rutgers.edu/CurrentStudents/students/advising.pdf).
• properly acknowledge and cite all use of the ideas, results, or words of others
• properly acknowledge all contributors to a given piece of work
• make sure that all work submitted as his or her own in a course or other academic activity is produced without the aid of unsanctioned materials or unsanctioned collaboration
• obtain all data or results by ethical means and report them accurately without suppressing any results inconsistent with his or her interpretation or conclusions
• treat all other students in an ethical manner, respecting their integrity and right to pursue their educational goals without interference. This requires that a student neither facilitate academic dishonesty by others nor obstruct their academic progress
• uphold the canons of the ethical or professional code of the profession for which he or she is preparing.

Adherence to these principles is necessary in order to insure that:
• everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
• all student work is fairly evaluated and no student has an inappropriate advantage over others
• the academic and ethical development of all students is fostered
• the reputation of the University for integrity in its teaching, research, and scholarship is maintained and enhanced.

Student Code of Conduct
Violations of the Student Code of Conduct are considered serious infractions of student behavior and subject to penalties relative to the level of the matter. Students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:
• Repeatedly leaving and entering the classroom without authorization
• Answering cellular phone or allowing pager to beep
• Making loud or distracting noises
• Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor’s requests
• Resorting to physical threats or violence directed toward the instructor or other students.*

*Physical threats or violence are a violation of the University’s Code of Student Conduct and incidents should be referred to the Dean of Students immediately. Please consult “Standards of Classroom Behavior,” in The University Code of Student Conduct
and the University’s “Policy against Verbal Assault, Defamation and Harassment”
http://studentconduct.rutgers.edu/files/documents/PolicyAgainstVerbalAssault.pdf for further information

GRADING:
For the assignment of final grades, the course requirements will be weighted approximately as follows:

Exam 1  30%
Exam 2 30%
Exam 3 - FINAL 30%
Class Participation 10%

90-100%…A
85-89%….B+
80-84%….B
75-79%….C+
70-74%….C
60-69%.....D
Less than 60%….F

1. If the distribution skews to the low side at the instructor’s discretion, then the highest total score in a particular class will be taken as the 100 percent score. The cutoffs for A, A-, B+, B, B-, C+, C, D, and F will be calibrated at 93, 90, 88, 83, 80, 78, 73, 70, 68, 63, 60, and 59 percent respectively relative to the highest total score.

2. The implication the above calibration is that an inauspicious grade only means that the student who earns such grade is performing poorly relative to the best student in the class, and not as a result of the extreme level of difficulty of the examinations.

3. If the best student’s score is 1½ sample standard deviations higher than the second highest score, a situation that is called statistical out-lier, then the second highest score will be used as the 100 percent benchmark.

ADMINISTRATIVE DETAILS:
• Students who are seeking an accommodation because of a disability are directed to the website http://learn.camden.rutgers.edu/disability-services, or they can contact the Camden campus Disability Coordinator: Tim Pure, Disability Services Coordinator / Armitage Hall, EOF Suite, third floor (elevator accessible), 856-225-6442, tpure@camden.rutgers.edu.
• Cell Phones and Lap-Tops: Students are required to turn off their phones, and laptops are allowed only for coursework in class. Please inform me BEFORE CLASS if you are expecting an emergency call and must leave your phone turned on.
• Students should come to class on time. They should stay in class throughout the class period.

March 1st is the last day to withdraw from this class to receive a tuition refund. For more information see the registrar’s website. http://registrar.camden.rutgers.edu/

COURSE OUTLINE: TOPICS / EXAMS (subject to change)

<table>
<thead>
<tr>
<th>Wk. Wed date</th>
<th>Chapter and topics</th>
<th>Homework</th>
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<tbody>
<tr>
<td>1 Jan 20</td>
<td>Ch2: overview of financial systems</td>
<td>Q: all odds</td>
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<tr>
<td>2 Jan 27</td>
<td>Ch3: interest rates and their role in valuation</td>
<td>QP: all odds</td>
</tr>
<tr>
<td>3 Feb 3</td>
<td>Ch4: why do interest rates change?</td>
<td>Q: all evens; QP: all evens</td>
</tr>
<tr>
<td>Wk. date</td>
<td>Chapter and topics</td>
<td>Homework</td>
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<tr>
<td>4 Feb 10</td>
<td>Ch5: how do risk and term structure affect interest rate</td>
<td>Q: all odds; QP: all odds</td>
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<td>5 Feb 17</td>
<td><strong>Exam 1: Ch2-5</strong></td>
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<td>6 Feb 24</td>
<td>Ch6: are financial markets efficient?</td>
<td>Q: all odds; QP: all</td>
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<tr>
<td>7 Mar 2</td>
<td>Ch7: why do financial institutions exist?</td>
<td>Q: all evens; QP: all</td>
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<td>8 Mar 9</td>
<td>Ch9: central bank and federal reserve system</td>
<td>Q&amp;P: all odds</td>
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<td>9 Mar 23</td>
<td>Ch10: conduct of monetary policy: tools, goals, strategy and tactics</td>
<td>Q: all odds; QP: all evens</td>
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<td>10 Mar 30</td>
<td><strong>Exam 2: Ch6-7, Ch9-10</strong></td>
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<td>11 Apr 6</td>
<td>Ch11: money markets</td>
<td>QP: all odds</td>
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<td>12 Apr 13</td>
<td>Ch12: bond market</td>
<td>QP: all evens</td>
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<td>13 Apr 20</td>
<td>Ch13: stock market</td>
<td>QP: all odds</td>
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<td>14 Apr 27</td>
<td>Ch15: the forex market</td>
<td>Q: all evens; QP: all odds</td>
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<td>15 May 11</td>
<td><strong>Finals: Ch11-3, Ch15</strong></td>
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