

# Fin 6320 Money & Capital Markets – Spring 2008

## Dr. Alexander W. Butler

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Class Time: Mondays 7:00pm-9:45pm (in SOM 1.107)  
Office: SOM 3.809  
E-mail: [butler@utdallas.edu](mailto:butler@utdallas.edu) (the best way to contact me; I check e-mail continually)  
Office Hours: Open door policy all day on class days until half an hour before class, and other days by appointment. (Best availability is Mondays during the early afternoon.)  
Web page: <http://www.utdallas.edu/~butler/>

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**Students are responsible for all information in this syllabus.**

**Course Requirements and Prerequisites:** Prerequisites require that students must have successfully completed FIN 6301 (Financial Management; Fast-Track MBA students may substitute BA 3341 if taken within the last year). *This is a crucial prerequisite and will not be waived.* I generally approve requests to take MECO 6303 (Business Economics) concurrently, but I do not encourage it and you do so at your own risk. You are expected to have a certain amount of financial sophistication and, specifically, complete proficiency in (i) time value of money concepts and calculations, (ii) all mathematics up to calculus, (iii) accounting principles, (iv) basic statistics, (v) spreadsheet modeling in *Microsoft Excel*, and (vi) internet skills such as searching, email, downloading files, etc.

**Course Objectives:** This is an advanced course covering the functioning and structure of capital markets and financial institutions. In particular, by the end of the course students will be able to describe how adverse selection problems affect market outcomes, analyze different financial market structures, and apply no-arbitrage concepts to valuation tasks. We will study how firms raise external capital to fund investment in real assets, how markets and financial intermediaries assist in this, and how firms can use financial markets and institutions to protect the value of their real assets through financial risk management and security design. We will learn many of the details that are assumed away in other core courses, and this class will help you see how corporate finance and investments fit together as a cohesive whole. Particular attention will be given to the role of investment banks in financial transactions.

**Some Desired Learning Outcomes:** We will cover many topics, concepts, and material in this class. A few things you will learn include:

- How do firms raise capital when retained earnings are insufficient to fund all positive NPV investments?
- Why do venture capitalists give (invest) money primarily to highly risky firms but banks give (loan) money primarily to safe firms?
- Why do firms that have access to public securities markets still borrow from banks?
- Under what circumstances will firms want to accept negative expected NPV investments and/or reject positive expected NPV investments, and why?
- Why do stock prices drop when firms announce a new equity issue and new cars depreciate 25% as soon as you drive them off the dealer's lot? Hint: it has nothing to do with that new-car smell.
- What do investment banks do and why do they get paid so much?
- What are the mechanics of making a stock trade? When you place an on-line order or call your broker to buy 100 shares of IBM, what actually happens?
- What determines stock prices in financial markets?
- Who can (and who can't) "beat the market" and why?

## Readings:

*Required text:* Liaw Capital Markets, South-Western publishing, ISBN 0-324-02420-7  
[http://www.amazon.com/Capital-Markets-K-Thomas-Liaw/dp/0324024207/ref=sr\\_1\\_1?ie=UTF8&s=books&qid=1197930020&sr=1-1](http://www.amazon.com/Capital-Markets-K-Thomas-Liaw/dp/0324024207/ref=sr_1_1?ie=UTF8&s=books&qid=1197930020&sr=1-1)

*Those who are brave and financially constrained might try to get by without the book altogether, but they do so completely at their own risk and against the instructor's strong recommendation. (The cases, though, are an absolute must.)*

- *Recommended:* Do you want or need more details (or fewer details) than what is in the required textbook? Or do you need the information presented in a different way than the main text? Sometimes it is difficult to identify the best alternative sources for information, so I have identified for you a few sources likely to be helpful. Especially if you are struggling with the material, you will find these books to be useful reference. These books are *not required* for the course.
  1. Arshadi & Karels Modern Financial Intermediaries and Markets  
<http://www.amazon.com/Modern-Financial-Intermediaries-Markets-Arshadi/dp/0131194704>  
Notes: Out-of-print, and therefore very hard to find new, but very inexpensive used copies abound.
  2. Hull Options, Futures, and Other Derivatives 6<sup>th</sup> edition  
[http://www.amazon.com/Options-Futures-Other-Derivatives-6th/dp/0131499084/ref=pd\\_bbs\\_sr\\_2/105-2247052-5128416?ie=UTF8&s=books&qid=1192213277&sr=1-2](http://www.amazon.com/Options-Futures-Other-Derivatives-6th/dp/0131499084/ref=pd_bbs_sr_2/105-2247052-5128416?ie=UTF8&s=books&qid=1192213277&sr=1-2)  
Notes: Hull is the Mac Daddy of options textbooks, in my opinion. Any of the older editions are perfectly fine for reference materials, and are probably dirt cheap.
  3. Beim and Calomiris Emerging Financial Markets  
[http://www.amazon.com/Emerging-Financial-Markets-David-Beim/dp/0072425148/ref=sr\\_1\\_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192213434&sr=1-1](http://www.amazon.com/Emerging-Financial-Markets-David-Beim/dp/0072425148/ref=sr_1_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192213434&sr=1-1)  
Notes: A very insightful book on the economics of emerging financial markets.
  4. Liaw The Business of Investment Banking 2<sup>nd</sup> Edition  
[http://www.amazon.com/Business-Investment-Banking-Comprehensive-Overview/dp/0471739642/ref=sr\\_1\\_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192213568&sr=1-1](http://www.amazon.com/Business-Investment-Banking-Comprehensive-Overview/dp/0471739642/ref=sr_1_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192213568&sr=1-1)  
Notes: Same author as the main text, though this book is more narrow and has a little more detail and depth.
  5. Fabozzi and Modigliani Capital Markets: Institutions and Instruments 3<sup>rd</sup> Edition  
[http://www.amazon.com/Capital-Markets-Institutions-Frank-Fabozzi/dp/013067334X/ref=sr\\_1\\_2/105-2247052-5128416?ie=UTF8&s=books&qid=1192214653&sr=1-2](http://www.amazon.com/Capital-Markets-Institutions-Frank-Fabozzi/dp/013067334X/ref=sr_1_2/105-2247052-5128416?ie=UTF8&s=books&qid=1192214653&sr=1-2)  
Notes: This is the textbook I used to require for the course. There is a “Foundations” version of this book with additional authors (Jones and Ferri) which is a reasonable substitute. Older editions are poor substitutes because the book's strength is in its attention to institutional details (which change rapidly, and so older editions of the book are too stale).
  6. Smith and Smith Entrepreneurial Finance  
[http://www.amazon.com/Entrepreneurial-Finance-Richard-L-Smith/dp/0471230723/ref=sr\\_1\\_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192215120&sr=1-1](http://www.amazon.com/Entrepreneurial-Finance-Richard-L-Smith/dp/0471230723/ref=sr_1_1/105-2247052-5128416?ie=UTF8&s=books&qid=1192215120&sr=1-1)  
Notes: Wonderful information on venture capital firms, but little else of direct relevance for this course. The book is currently in its second edition, but the first edition is fine for reference.
- *Required Cases* (four; available at the campus bookstore):
  - HBS Case 9-101-110, “The Role of Capital Market Intermediaries in the Dot-Com Crash of 2000”
  - HBS Case 9-200-019, “W. R. Hambrecht + Co: OpenIPO”
  - HBS Case 9-206-091, “Investment Banking at Thomas Weisel Partners”
  - HBS Case 9-296-077, “Global Equity Markets: The Case of Royal Dutch and Shell”
- *Wall Street Journal* – A subscription is **strongly** recommended, all the more so if your level of financial sophistication and background is lacking. If you don't subscribe, you should plan to read the WSJ in the library or elsewhere several times a week. Most of my previous students chose to subscribe by the third week of class.
- Several additional materials, including my lecture slides, will be made available on reserve or electronically through WebCT.

**Grading:** In grading, I strive to make sure that everyone is treated the same and that the same rules apply and are applied to everyone. That is what “fair” means to me when it comes to grading. The person in the next row from you is not going to get favored treatment over you. And you are not going to get favored treatment either. Final grades will be determined using one of the following weighting schemes.

|                              | Method A  | Method B  |
|------------------------------|---|---|
| <b>Quizzes</b>               | 50.0% (all 4 @ 12.5% each)                                | 33% (best 3 @ 11% each)                                   |
| <b>Final Exam</b>            | 50.0%   | 67.0%   |
| <b>Cases and Assignments</b> | -4% “off the top” for each missing or incomplete write-up | -4% “off the top” for each missing or incomplete write-up |

Each student’s grade will be based on whichever grading method produces the *higher* weighted average for him/her. The quizzes will be given in class and may be administered at the very beginning, at the very end, or in between. They will be about 25-40 minutes long, timed, and may contain a variety of types of questions such as essays, problems, or short answer questions like true/false or multiple choice. The final exam is cumulative. There will be no make-up quizzes or exams. If you miss a quiz for any reason, you will be assigned a zero for that quiz. Note that grading method ‘B’ allows you to drop your worst quiz grade. You may drop a quiz for *any* reason – you had to travel, didn’t do well, were sick, overslept, were mentally distressed because your pet tarantula got stepped on and squished by the cable repair man, etc. Although I do appreciate being apprised of why you miss class so that I do not worry about you, I do not require that you let me know the reason why you miss a particular quiz. (And, it is quite possible that I *may not want to know*; use your judgment.) Grades are not negotiable and will only be changed in case of a math or grading error on the instructor’s part. I do use the full range of grades available to me. My historical grade distribution for this course at UTD has been roughly 33% A, 50% B, 12% C, and 5% F.

**Attendance and Participation:** Lectures are an important part of the learning process, as is the active participation by students in class discussion. Participation is not explicitly graded, but your participation in class discussion is expected, and it makes the course more enjoyable for everyone. If you choose to attend class, please arrive on time; late arrivals are very disruptive and a personal pet peeve of mine because they create “negative externalities”: some of the costs of the late arrival are borne by others. Whether or not you attend, you are responsible for all the material that we cover and all announcements made, including any announcements made on the first day of class.

**Case Write-ups and Assignments:** Students will do all presenting and discussion of cases, and are required to prepare answers to case questions (which I will provide to you about a week in advance) and a Powerpoint presentation of the case discussion. Your *write-up of the case questions* will be graded on a satisfactory/not satisfactory scale. Your *presentation* for a particular case should contain enough background information to frame the issues and remind the class of what the case was about, but not so much as to be a waste of time (use your judgment!). Upload your presentation to the WebCT electronic drop box prior to the beginning of class. The presentation may be done in a group of up to three people, but everyone should upload their own copy to the electronic drop box. Assignments may be discussed *within* your group, but you are expected to submit your own write-up that reflects work done by you alone. “Work done by you alone” includes creating your own spreadsheet models and not copying from other sources (including the shared presentation slides). Do all your own work. You will learn more, and the alternative of an academic dishonesty charge simply is not worth the risk. Late submissions of cases and assignments will not be accepted for any reason. Note that last minute problems tend to arise from last minute work. Make sure your problems—be they computer-, personal-, transportation-, internet-, or health-related—do not interfere with the timely submission of your assignments. If you do not turn in a satisfactory write-up on time, your final course average will be reduced by 4 points for each instance. **This is subject to a “no excuses, no whining” rule.** Everyone is held to the same standard.

### Other Policies, Expectations, and Information:

- *Special needs*: If you have any special needs (including observances of religious holidays, etc.) or a documented disability, please let me know privately within the first two weeks of class.
- *Academic honesty*: I believe that most students are honest, and I want to do what I can to protect those that are honest from the few who are not. This is part of my “everyone gets the same opportunities and treatment” policy. I view part of my job to be to protect the integrity of the degree you are working hard to earn. University policy on academic dishonesty will be **strictly enforced** and I always pursue zealously the maximum allowable penalty for cheating. Do not cheat in my class. I have been at this for a while and if you cheat I will catch you, prosecute ruthlessly, and show no mercy. I have successfully prosecuted cheaters here and at other institutions in the past.
- *Intellectual property*: I usually make my overhead slides available on WebCT and/or my web page to current students. These are provided as a courtesy and should complement your own note-taking. Note-taking for commercial purposes is not allowed, nor is recording lectures (audio or video). All lectures, lecture notes, slides, spreadsheets, quizzes and exams are the intellectual property of the instructor and are protected under copyright laws. All student-produced materials turned in for credit in this course become the property of the instructor.
- *Etiquette*: This is a business school course, and as such students are expected to conduct themselves professionally. This is a **LAPTOP-CLOSED** class. Although there are times that we will do some computer work during the lectures, the default rule for the class is *computers powered down*. Why? Too many students spend class time doing unproductive things on their computers. I have a problem with this because it is distracting to others. I want the classroom to be a laid-back environment, but this is only sustainable so long as all students (and the instructor) behave responsibly. Turn *off* your cell phone and Blackberry, don't be rude to others in the class, and on laptop-open days *don't surf the web* with your laptop or instant-message with others. If we all adhere to this, we can all enjoy a comfortable and relaxed learning atmosphere.
- *What's the best way to contact the instructor?* **Office hours** are a sure bet. Those times are specifically set aside for answering my students' questions. There is no need to set up appointments to see me during office hours—just stop by. Also, I check **email** frequently, and that is an excellent way to get quick answers to quick questions. I *strongly* prefer e-mail to phone calls if that is possible.
- *What about calculators?* Please bring a calculator to class *every* day. Financial calculators are great, though I personally prefer a regular scientific calculator (with logarithm keys and an exponent key). I use a TI-30Xa calculator (costs about \$15 at WalMart or Staples). Calculators that you use during the exams **must be non-programmable and incapable of storing text**. Use of—or even easy access to—a calculator or other electronic device that is *capable* of wireless communication (e.g., infrared “beaming”, internet connection, a cell phone or similar device) during an exam will be considered *prima facie* evidence of cheating; under such circumstances the student will be assigned a zero for the exam and a course grade of “F”. Further, by using such a device the student automatically gives up any right to appeal.

- *What about grading errors?* Although I make every effort to grade correctly the first time, I do make mistakes occasionally. Should you feel that an exam or quiz has been graded incorrectly, I shall gladly regrade it in its entirety. This may result in my identifying additional grading errors that are to your benefit and/or detriment. To request a regrade, you must write up a (hard copy, not e-mail) description of how the grading is incorrect within one week of when the exam is made available to you and attach the regrade request to the exam if you retained the exam. Please note that arguing for judgment calls or that you misinterpreted the question will generally yield low results. Any ambiguities on exams should be discussed with the instructor or proctor *during* the exam.
- *Applicability of the course material:* Although this course is not specifically designed to be a preparatory course for professional licensing exams (rather, I prefer to think of it as a theory course that is flavored by real world institutional detail), students regularly report back to me after the class that the material we cover is very helpful in preparing for exams like the Series 7 and Series 63. If you have similar experiences, please let me know.
- *About the course:* This course, Money & Capital Markets, is one of my favorites. When given a choice of what to teach, I choose this course. I have been teaching it for over five years now. Even so, I am not satisfied with the course yet. So I keep trying new things and taking risks...a new topic; a different case; a new textbook; a different grading scheme. I have yet to settle on the perfect structure and content for the course. Let me know (privately and/or anonymously if you prefer) what you like and what you do not like about the course and why. To a large extent, the course is the way it is because of the cumulative effects of students' suggestions over the years. Sometimes I can respond to suggestions and make changes mid-term; sometimes changes can only be implemented "next time"; sometimes the suggestions for changes are things I tried previously, or are not pedagogically sound, or just will not work, or are flat out illegal. But I always value the feedback I get for improving the course.
- *About the instructor:* Professor Butler has a Ph.D. in Finance from Indiana University. He has been teaching finance full-time since 1997. Before coming to UT-Dallas in fall 2005, he taught at University of South Florida, Rice University, Louisiana State University, and Indiana University. He has also taught for the Talent Identification Program (TIP) Summer Residential Program. At various times he has taught finance at all educational levels (pre-college, undergraduate, MBA, MS, Executive MBA, PhD); he has taught courses in Financial Management, Honors Financial Management, Intermediate Finance, International Finance, Corporate Finance, Advanced Corporate Finance, Investments, Money & Capital Markets, Financial Markets & Institutions, and three different doctoral seminar courses. He has been nominated for an Innovative Teaching Award. His research interests relate to the issuance, trading, and retirement of corporate and other securities, especially the role of institutions such as financial intermediaries in the issuance process. His research has been nominated for two top awards in the field, and he has won four "best paper" awards at national and regional conferences. He has made more than 50 research presentations at universities in the U.S. and Canada, he has published articles in top academic and practitioner journals, he is regularly interviewed by news reporters from around the country on financial markets issues, and he has been quoted in the *Wall Street Journal*, *Investors Business Daily*, and the illustrious and world-renowned *Tampa Bay Business Journal*. Outside work, he enjoys spending time with his wife and two young daughters (born March, 2004 and December, 2005) and pretending that he has time to engage in old hobbies such as travel, wine appreciation, bird watching, kayaking, home-brewing, and writing about himself in the third person. He can dance the Texas two-step (though his wife says he "never takes her dancing anymore") and he makes a mean jambalaya.

**“The Fine Print”** (also known as UTD boilerplate; this material can also be found here: [http://www.utdallas.edu/senate/Syllabus\\_Template\\_RTF-document-SENATE.rtf](http://www.utdallas.edu/senate/Syllabus_Template_RTF-document-SENATE.rtf)):

### **Student Conduct & Discipline**

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, A to Z Guide, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3, and in Title V, Rules on Student Services and Activities of the university's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

### **Academic Integrity**

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

### **Email Use**

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

### **Withdrawal from Class**

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

### **Student Grievance Procedures**

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's Handbook of Operating Procedures. In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or

Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

### **Incomplete Grade Policy**

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of F.

### **Disability Services**

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22  
PO Box 830688  
Richardson, Texas 75083-0688  
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

### **Religious Holy Days**

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

***These descriptions and timelines are subject to change at the discretion of the Professor.***

## Fin 6320—Money and Capital Markets Course Agenda—Spring 2008

This agenda is subject to change. The exact timing of lectures and content of exams will depend on the flow of the course. Required and recommended chapters refer to the Capital Markets textbook by Liaw.

| Week Date           | Topics                                      | Activity/Case                 | Required Chapters  | Recommended Chapters | Recommended extra readings  |
|---------------------|---|-------------------------------|--|----------------------|---|
| Week 1:<br>Jan. 7   | Intro to Capital Markets; Market Efficiency |                               | Ch. 1, 11  |                      | • Arsahti & Karels <u>Modern Financial Interm. &amp; Markets</u> 1997, Ch. 1, 11  |
| Week 2:<br>Jan. 14  | Institutions: Basic Principles              | Case: Dot-com bubble          |  | Ch. 3, 4, 5, 7       | • Arsahti & Karels <u>Modern Financial Interm. &amp; Markets</u> 1997, Ch. 2, 3<br>• Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 2 |
| Jan. 21             | <b>MLK Day</b>                              | n/a                           | n/a  | n/a                  |   |
| Week 3:<br>Jan. 28  | Institutions: Banks                         |                               | Ch. 3  | Ch. 2                | • Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 3<br>• Arsahti & Karels <u>Modern Financial Interm. &amp; Markets</u> 1997, Ch. 4    |
| Week 4:<br>Feb. 4   | Institutions: Investment Companies          |                               | Ch. 5  |                      | • Liaw <u>The Business of Investment Banking</u> 2006 Ch. 5, 14   |
| Week 5:<br>Feb. 11  | Institutions: Investment Banks              | <i>Quiz 1 – through Wk 4</i>  | Ch. 4  | Ch. 6                | • Liaw <u>The Business of Investment Banking</u> 2006 Ch. 2, 16<br>• Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 5                 |
| Week 6:<br>Feb. 18  | Institutions: Investment Banks              | Case: Hambrecht               | Ch. 4  | Ch. 6                | • Liaw <u>The Business of Investment Banking</u> 2006 Ch. 7<br>• Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 6                     |
| Week 7:<br>Feb. 25  | Institutions: Investment Banks              | Case: Thomas Weisel Partners  | Ch. 4  | Ch. 6                | • Liaw <u>The Business of Investment Banking</u> 2006 Ch. 7   |
| Week 8:<br>Mar. 3   | Markets: Debt                               | <i>Quiz 2 – through Wk 7</i>  | Ch. 8, 10  | Ch. 9                | • Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 17, 18   |
| Mar. 10             | <b>Spring Break</b>                         | n/a                           | n/a  | n/a                  |   |
| Week 9:<br>Mar. 17  | Markets: Debt and Equity                    |                               | Ch. 6, 10, 11  | Ch. 15               | • Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 19, 7, 13, 14  |
| Week 10:<br>Mar. 24 | Markets: Equity                             |                               | Ch. 11   |                      | • Liaw <u>The Business of Investment Banking</u> 2006 Ch. 15  |
| Week 11:<br>Mar. 31 | Markets: Derivatives                        | <i>Quiz 3 – through Wk 10</i> | Ch. 14   |                      | • Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 15<br>• Hull <u>Options, Futures &amp; Other Derivatives</u> 2006 Ch. 1, 2, 5        |
| Week 12:<br>Apr. 7  | Markets: Derivatives                        | Case: Royal Dutch Shell       | Ch. 14   |                      | • Hull <u>Options, Futures &amp; Other Derivatives</u> 2006 Ch. 9, 11, 13<br>• Fabozzi & Modigliani <u>Capital Markets</u> 2003 Ch. 15      |
| Week 13:<br>Apr. 14 | Markets: Derivatives                        | Lab: Spreadsheet Models       | Ch. 14   | Ch. 15               | • Hull <u>Options, Futures &amp; Other Derivatives</u> 2006 Ch. 11, 13, 15, 16  |
| Week 14:<br>Apr. 21 | Markets: Emerging                           | <i>Quiz 4 – through Wk 14</i> | Ch. 19   | Ch. 20, 21           | • Beim & Calomiris <u>Emerging Financial Markets</u> 2001 Ch. 4, 5, 9<br>• Liaw <u>The Business of Investment Banking</u> 2006 Ch. 18       |
| Week 15:<br>Apr. 28 | Catch-up, review, and TBD                   |                               |  |                      |   |
| <b>May 6</b>        | <b>Cumulative(!) Final Exam</b>             |                               | Note: Please schedule exigencies and any planned or unplanned emergencies so that they do not conflict with the final exam time. |                      |   |

Name: \_\_\_\_\_

E-mail: \_\_\_\_\_

Briefly describe your finance background (courses, work experience, etc.)

Briefly describe any other background information that you think I would find useful to know.

Hometown

Do you work? (Where, when, how much time, what do you do there?)

Why are you in this course?

What are your career goals? I.e., "In what job or career path do you see yourself in 5, 10, 20 years?"

Tell me something interesting about you (a hobby, accomplishment, and/or something unique)

**Attach a picture of yourself here to help me put names and faces together.**

**\* Attach an interview-ready resume to this form and turn in next class.**