

**INTERAMERICAN UNIVERSITY OF DE PUERTO RICO
METROPOLITAN CAMPUS
ECONOMICS AND ADMINISTRATIVE SCIENCES FACULTY
PROGRAMA MBA PROGRAM**

SYLLABUS

I. GENERAL INFORMATION

Course Title	:	FINANCIAL MARKETS
Code and Number	:	BADM 6240
Credits	:	3
Academic Term	:	feb-may 2010
Professor	:	Edmundo J. Garza
Office Hours	:	Upon previous agreement
Telephone	:	(787)-649-4020
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II. DESCRIPTION

Study of the processes of change and innovations, instruments of value of public and private institutions in financial markets and the regulations to which they are subject. Emphasis on understanding the behavior of interest rates in the market, monetary policy and the financial administration of financial intermediaries.

III. OBJECTIVES

It is expected that upon completing the course, the student will be able to:

- 1) Know and analyze the causes of innovation and development for instruments, markets and financial institutions.
- 2) Understand the factors that determine the valuation of financial instruments and their interrelationship
- 3) Understand the characteristics, functioning and uses various financial instruments.
- 4) Explain the characteristics and operation of major markets of instruments and institutions engaged in them.
- 5) Understand the functions of the Federal Reserve Bank with regard to moderate the economic cycle through the instruments of monetary policy, as well as the roles and responsibilities of federal and local regulators.
- 6) Understand the mechanisms of control rates of interest, reserve and margin requirements and open market operations.
- 7) Know the functioning and the characteristics of the private market and intermediary financial institutions.
- 8) Understand the principles, guidelines and objectives of the financial management of depository and lending institutions.

IV. CONTENT

PART I: THE FINANCIAL SYSTEM

1. INTRODUCTION
 - a. Role and importance of the financial sector, markets, instruments and institutions
 - b. Development and innovation markets, instruments and institutions
2. INTEREST RATES
 - a. Interest rate level determination
 - b. Interest rate structures
3. FEDERAL RESERVE POLICY AND MONETARY POLICY
 - a. Functions and organization of the FED
 - b. Monetary policy and regulations

Text: Chapters 1 to 5

PART II: FINANCIAL MARKETS.

1. MONEY MARKETS AND ITS INSTRUMENTS
Types of securities, valuation and characteristics of short-term debt securities
2. BOND MARKETS
Types of securities, valuation and characteristics of debt securities
3. MORTGAGE MARKETS
 - a. Primary and secondary markets
 - b. Securitization: Mortgages back securities

- c. Valuation and risks
- 4. MERCADO DE ACCIONES
 - a. Primary and secondary markets
 - b. Valuation and risks
 - c. Transactions
- 5. DERIVATIVES SECURITIES MARKETS
 - Characteristics, valuation and uses of Futures, Options and other derivatives

Text: Chapters 6 to 16

PART III: FINANCIAL INSTITUTIONS

- 1. COMERCIAL BANKS
 - a. Structure and regulation
 - b. Bank's financial management; liquidity management and interest rate risk
- 2. OTHER FINANCIAL INSTITUTIONS
 - a. Savings and Loans; Credit Unions (Cooperativas) and Finance Companies
 - b. Mutual funds; Investment Banks; brokerage houses; Insurance companies and Pension funds

Text: Chapters 17 to 25

V. ACTIVITIES

- A. The course content is discussed through conferences. Active participation from the students is expected.
- B. There will be three partial exams
- C. There are assignments for each one of the exams.
- D. An optional monograph can be submitted at the end of the course.

VI. EVALUATION

	Points	Final Grade %
First partial exam	100	40
Second partial exam	100	30
Third partial exam	100	30
Assignments will help to improve the grade of each exam		
Total	300	100

Final Grade: The weighted average of partial exams and according to the Graduate Standard Curve.

VII. SPECIAL NOTES

- 1) Supporting Services or Special Needs

Students requiring additional services or special assistance must request these at the beginning of the course or as soon as they learn that they need them, through the appropriate register in the Oficina del Consejero Profesional, located at the Programa de Orientación Universitaria.

2) Plagiarism

Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance are unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, Article 1, Section B.2 of the Student's Rules and Regulations handbook.

<http://metro.inter.edu/servicios/documentos/reglamentosestudiantes2006.pdf>

Inter American University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you specifically read Chapter 5, Article 1, Section B.2c of the Student' Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

3) Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.

VIII. TEACHING RESOURCES

Assigned Text

Jeff Madura, "Financial Markets and Institutions". 8th. Ed. ISBN 13: 978-0-324-56822-6 South-Western/Thomson 2008

IX. BIBLIOGRAPHY

The assigned text provides suggested lectures, references at the end of the chapters to be studied. These should be the main complement for the text and students are encouraged to utilize them.

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