

Syllabus

BT 322 – Capital Markets

Spring, 2008	Day of Week/Time
Instructor name and contact information Jan Klein Executive in Residence Tel : 201-216-5612 Email : janklein@stevens.edu	<u>Office Hours: Tuesday</u> <u>Class Website:</u> http://webct.setvens.edu/webct/public/home.pl

Overview

This is a survey course that addresses the major financial markets, including the debt, equity, government securities and commodity exchanges. I have designed the course to provide a basic appreciation of why these markets exist, who are the players; how they work; what are the rules and how they are evolving. We will spend considerable time in discussing in detail the nature of the principal financial instruments or securities that are being bought and sold in these markets. Within this context we will also discuss how money is being made and lost in these exchanges; from a qualitative and NOT a quantitative perspective.

As a survey course the material that will be covered in class will tend to be high level and will review the returns that can be expected over the longer term in these markets, as well as how the participants in these markets manage risk. My intent is for this course to give you an appreciation of what the buy and sell side of the financial markets look like in order to prepare you for a possible job on Wall Street, or at the very least equip you with enough knowledge so you will know how to deal with these financial institutions.

While the course is a broad survey of all the financial markets and institutions, I believe that most, if not all of the students will have a particular interest in a specific financial area. As such, a meaningful component of this course will involve your independent (but closely guided) study of a particular market or financial instrument. This will allow you to apply the general market concepts that we cover in the broader markets to the specific fields of your interest.

Prerequisites: BT321

Learning Goals

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Desired Outcomes

1. Understand the history, evolution and direction of the major financial markets and their institutions, including the money, equity, bond, mortgage, commodity and derivative markets
2. Appreciation of how various financial theories (i.e. interest rate, present value, capital asset pricing and portfolio models) are executed in the various security instruments used in these financial markets
3. Comprehension of how the broad markets work – their objectives; buyers and sellers; investment vehicles (or security instruments); key players and exchanges; and market operations
4. Develop a deep understanding of how a specific market or sub-market operates that is of particular interest to the student.

Pedagogy

The format for the course will be a weekly overview and reading for a specific market with the following class devoted to student discussions of the personalities, significant deals, changes in regulation and rates/returns. We will supplement the course by having outside speakers that will discuss their views of the opportunities and challenges in their financial markets.

Classroom Etiquette

You are required to read the material before the day on which it is discussed in class and participate in classroom discussion. You are expected to arrive on time and stay for the entire class. Each week we will review the current activities associated with the different capital markets and you should keep abreast of events that are associated with the topics we will be discussing. You will be held responsible for the material and all reading assignments regardless of whether or not they are covered in lecture.

Required Text(s)

- Required text: *Financial Markets + Institutions*, Fifth Edition; Frederic Mishkin and Stanley Eakins, ISBN 0-321-28029-6; Pearson Addison Wesley.

Assignments

Number	Date	Day	Topic	Reading Assignment	Other	Speaker
						(tentative)
1	15-Jan	Thurs	First Class			
2	20-Jan	Tue	Market Overview	Chapter 1 and 2		
3	22-Jan	Thurs	Markets - dysfunction	Chapter 15		Ira Riesenber g - CFO
4	27-Jan	Tue	Markets - govt role	Chapter 6		
5	29-Jan	Thurs	No Class		Monday Schedule	
6	3-Feb	Tue	Security Pricing 1 - interest rates/risk	Chapter 4+5		Brenden Dougher - PWC
7	5-Feb	Thurs	Federal Reserve System	Chapter 3		
8	10-Feb	Tue	Federal Reserve System	Chapter 7+17		
9	12-Feb	Thurs	Banking 1 - Commercial	Chapter 18		Debby Perlmutter , NYFed
10	17-Feb	Tue	Bank 2 - Savings+Loan	Chapter 19	Selection of Term Project	
	19-Feb	Thurs	Selected topics			
11	24-Feb	Tue	Governments 1 (Money Mkts+Tres)	Chapter 9		Don Massey - FinPro CEO
12	26-Feb	Thurs	Governments 2 (Fed/Mon Policy)	Chapter 7 and 8		
13	3-Mar	Tue	Mortgage	Chapter 12		G.X. Clarke - Trader
14	5-Mar	Thurs	Mortgage + MBS/CMO		Submit draft of paper outline and theme	
	10-Mar	Tue	No Class		Spring Recess - No Class	
	12-Mar	Thur	No Class		Spring Recess - No Class	
15	17-Mar	Tue	Corporate Bonds 1	Chapter 10		<i>Kaufman Bro (Craig)</i>
16	19-Mar	Thurs	Corporate Bonds 2 - CP/Leasing			Steve Joachim , EVP - FINRA
17	24-Mar	Tue	Selected topics - Creating CMO			Eric Strumingher, Private Equity
18	26-Mar	Thurs	Equity Markets			
19	31-Mar	Tue	Investment Banking (PE/VC)	Chapter 23	Submit background/history/issues	Danny Shultz DFJ - VC
20	2-Apr	Thurs	Investment Banking (Public)	Chapter 11		Joel Gross - Equity Analyst
21	7-Apr	Tue	Investment Co's	Chapter 21		
22	9-Apr	Thurs	Selected topics - Anatomy of an IPO		Passover - 1st Night	Greg Messniaeff , Needham Partner
23	14-Apr	Tue	Options 1	Chapter 25		
24	16-Apr	Thurs	Options 2	Chapter 25 (continued)		Robert Stoklosa - Mutual Fund Mgr
25	21-Apr	Tue	Futures 1	Chapter 25 (continued)	Submit draft of final paper	
26	23-Apr	Thurs	Futures 2			Jim Hwiatkowski , FX trading
27	28-Apr	Tue	Derivatives/Other			
28	30-Apr	Thurs	Wrap-up			
29					Final Project Due/Optional Exam	

Course Grading

Grading will be based upon your performance on four short exams; a final project, as well as attendance:

Exams: 3 short quizzes – 10% each or 30% total; Final Project 50%;
Attendance/participation: 20%

The potential for an extra credit project will be considered

Total Points 100 points

Percentage	Class Grade
93 – 100%	A
90 - 92%	A -
87 – 89%	B+
80 – 86%	B
77 – 79%	B-
74 – 76%	C+
70 – 73%	C
67 – 69%	C-
60 – 66%	D
Below 60%	F

D. Exams

Exams may include multiple choice, essay, and problem-style questions, although I will include current events questions that may not be found in the readings – therefore making class attendance and participation important. Students with special testing needs or disabilities should inform me as soon as possible.

E. Make-up Policy

You are expected to take all exams when scheduled. If for some extraordinary reason you are not able to do so, contact me as soon as possible. Make-up exams are a privilege not a right, and will be given at my discretion.

Ethical Conduct

Enrollment into the undergraduate class of Stevens signifies a student's commitment to the Honor System. It is the responsibility of each student to become acquainted with and to uphold the ideals set forth in the Honor System Constitution. All students are reminded that, as a condition of being admitted to Stevens, they will uphold and adhere to the standards of the Stevens Honor System. Specific Student responsibilities include:

1. Maintaining honesty and fair play in all aspects of academic life at Stevens
2. Writing and signing the pledge, in full, on all submitted academic work
3. Reporting any suspected violations to an Honor Board member or to the Dean of Undergraduate Academics
4. Cooperating with the Honor Board during investigations and hearings