**The Course Syllabus**

**Spring 2022/2023**

**Dr. Khaled Alsabah**

**FIN 422 – Financial Markets**

**Lecture Time and Location:**

**FIN 425/01A**  : Mon & Wed TIME 9:30 – 10:45 AM Classroom #  S| 01 D1 1006

**FIN 425/51**  : Mon & Wed TIME 11:00 – 12:15 PM Classroom #  S| 01 D1 1006

**Contact Information**

**Location** : Department of Finance & Financial Institutions – Area B – 4th Floor

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**Office Hours** : Mon, Wed 12:15PM-1:15PM or by appointment.

**Teaching Assistant**

**Name** : Eiman Alarbash

**Location** : Department of Finance & Financial Institutions – 4th Floor

**Email** : eiman.alarbash@ku.edu.kw

**Office Hours** :

**Tutorial** :

**Course Description:**

This course is an advanced-level course designed to provide the student with a conceptual understanding of how financial markets work, how they are structured, how prices and yields are determined and provide insight into the many different types of risks that exist in financial markets. The student should already have knowledge of basic managerial finance, macroeconomics, microeconomics, and money and banking (including monetary theory). The material covered in the course is theoretical, descriptive and applied.

**Course Learning Objectives (CLOs)**

Upon successful completion of the course, students will be able to:

1. Explain the structure and operation of global financial markets.
2. Explain the various factors that affect the operations of financial markets.
3. Recognize the key characteristics of equity, fixed-income and derivatives markets.
4. Explain the fundamentals as well as the determinants of interest rates.
5. Recognize and evaluate the risks that exist in financial markets.
6. Recognize the international aspects of financial markets.
7. Use time value of money concepts to value the price of common equity and bonds.

**CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-1)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| CLO | Competency Goal | | | | |
| Analytical | Communication | Information Technology | Business Ethics |
| 1 | I |  |  | I |
| 2 | R |  |  |  |
| 3 | R |  |  |  |
| 4 | I |  |  |  |
| 5 | I |  |  | I |
| 6 | I |  |  |  |
| 7 | R |  | R |  |

**Type of Emphases:**

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Required Material:**

**Textbook** : Saunders, Cornett, and Erhemjamts (2022), *Financial Markets and Institutions*. (8th ed.). McGraw Hill (available at the bookstore or through amazon Kindle)

**Additional Material** : Other materials will be supplied during the course and the course PPT Slides

are available on Teams.

**E-Learning System**: Moodle and Microsoft Teams

**Course Requirements and Policies**

**Individual Assignments:** There will be multiple assignments or problem sets to solve. All work must be done individually.

**In-Class Tests:**

*Quizzes*

There will be **nine** in-class quizzes. Use the assignments as a chance to practice for each quiz, along with the practice problems for each chapter.

*Midterm*

There will be **one** in-class examination. Going over practice problems and assignments will help in preparation for the midterm.

**Class Preparation – Readings and Practice Problems:** Each lecture will have a chapter reading that is encouraged before the lecture itself. In this way, you will see the material twice and it will help deepen your grasp of the topics. Additionally, I will post practice problems for each chapter, along with their final answers in each set of lecture slides on Moodle. You are encouraged to solve these problems before the TA go over them in the tutorial.

**Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.

Attendance will be recorded at the beginning of each class. **If you arrive late to class, you will be marked absent.** ***If you leave early from class you will be marked as absent and lose all of your attendance and participation points (10 points) for the course.***

I will allow two absences without having your grade penalized, so please do not send me messages/emails explaining your personal situation and why you could not make the class. Failing to attend the third class will cause your attendance grade to drop by 1, fourth class will drop your grade by 2 (total 3), fifth class will drop your grade by 2 (total 5), seventh class will result in FA.

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 5% | Attendance (bonus) |
| 5% | Participation |
| 5% | Assignments |
| 30% | Quizzes (x9) **Drop Lowest Two** |
| 20% | Midterm (x1) |
| 40% | Final Exam |
| 105% | TOTAL |

**Grade Distribution:**

|  |  |
| --- | --- |
| **Grade** | **Range** |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline:**

|  |  |
| --- | --- |
| **Title** | **Topics** |
| An Introduction and Overview of Financial Markets ***(CFA Topic)*** | Why Study Financial Markets and Institutions? • Financial Markets • Financial Institutions • Globalization of Financial Markets and Institutions |
| Determinants of Interest Rates  ***(CFA Topic)*** | Interest Rates Fundamentals • Time Value of Money and Interest Rates • Loanable Funds Theory • Movement of Interest Rates Over Time • Determinants of Interest Rates for Individual Securities • Term Structure of Interest Rates • Forecasting Interest Rates |
| Money Markets  ***(CFA Topic)*** | What are Money Markets? • Money Market Securities • Yield on Money Market Securities • Money Market Participants • International Aspects of Money Markets |
| Bond Markets  ***(CFA Topic)*** | What are Bond Markets? • Bond Market Securities • Bond Market Participants • Comparison of Bond Markets Securities • International Aspects of Bond Markets • Eurobonds, Foreign Bonds, Brady and Sovereign Bonds |
| Mortgage Markets  ***(CFA Topic)*** | Mortgages and Mortgage-Backed Securities • Primary Mortgage Market • Secondary Mortgage Markets • Participants in Mortgage Markets • International Trends in Securitization |
| Foreign Exchange Markets  ***(CFA Topic)*** | Foreign Exchange Markets and Risk • History of Foreign Exchange Markets • Foreign Exchange Rates and Transactions • Interest Rates, Inflation and Foreign Exchange Rates |
| Stock Markets  ***(CFA Topic)*** | Overview of Stock Markets • Stock Market Securities • Primary and Secondary Stock Markets • Stock Market Participants • International Aspects of Stock Markets |
| Derivative Securities Markets  ***(CFA Topic)*** | Overview of Derivative Securities • Forwards and Futures • Options • Regulation • Swaps • Caps, Floors and Collars • International Aspects of Derivative Securities Markets |

**Course Schedule (tentative and might change without any notice)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Day | Month | Lecture | DUE | Practice Problems # |
| Mon | 6/2/2023 | Chapter 1 |  |  |
| Wed | 8/2/2023 | Chapter 1 |  |  |
| Mon | 13/2/2023 | Chapter 2 |  |  |
| Wed | 15/2/2023 | Chapter 2 | Quiz 1 |  |
| Mon | 20/2/2023 | Chapter 3 |  |  |
| Wed | 22/2/2023 | Chapter 3 | Quiz 2 |  |
| Mon | 27/2/2023 | **Holiday?** |  |  |
| Wed | 1/3/2023 | Chapter 3 | Quiz 3 |  |
| Mon | 6/3/2023 | Chapter 5 |  |  |
| Wed | 8/3/2023 | Chapter 5 | Quiz 4 |  |
| Mon | 13/3/2023 | Chapter 6 |  |  |
| Wed | 15/3/2023 | Chapter 6 | Quiz 5 |  |
| Mon | 20/3/2023 | Chapter 7 |  |  |
| Wed | 22/3/2023 | Midterm (Chapters 1-3 + 5&6) |  |  |
| Mon | 27/3/2023 | Chapter 7 |  |  |
| Wed | 29/3/2023 | Chapter 7 | Quiz 6 |  |
| Mon | 3/4/2023 | Chapter 8 |  |  |
| Wed | 5/4/2023 | Chapter 8 | Quiz 7 |  |
| Mon | 10/4/2023 | Chapter 8 |  |  |
| Wed | 12/4/2023 | Chapter 9 | Quiz 8 |  |
| Mon | 17/4/2023 | Chapter 9 |  |  |
| Wed | 19/4/2023 | Chapter 10 |  |  |
| Mon | 24/4/2023 | Chapter 10 |  |  |
| Wed | 26/4/2023 | Chapter 10 | Quiz 9 |  |
| Mon | 1/5/2023 | Cryptocurrency |  |  |
| Wed | 3/5/2023 | Cryptocurrency |  |  |
| Mon | 15/5/2023 | **Final Exam (11am-1pm)** |  |  |

**Appendix**

**Undergraduate Program Competency Goals:**

1. **Analytical Competency:** A CBA graduate will be able to use analytical skills to solve business problems and make a well-supported business decision.

**Student Learning Objectives:**

* 1. Use appropriate analytical techniques to solve a given business problem.
  2. Critically evaluate multiple solutions to a business problem.
  3. Make well-supported business decisions.

1. **Communication Competency:** A CBA graduate will be able to communicate effectively in a wide variety of business settings.

**Student Learning Objectives:**

* 1. Deliver clear, concise, and audience-centered presentations.
  2. Write clear, concise, and audience-centered business documents.

1. **Information Technology Competency:** A CBA graduate will be able to utilize Information Technology for the completion of business tasks.

**Student Learning Objectives:**

* 1. Use data-processing tools to analyze or solve business problems.

1. **Ethical Competency:** A CBA graduate will be able to recognize ethical issues present in business environment, analyze the tradeoffs between different ethical perspectives, and make a well-supported ethical decision.

**Student Learning Objectives:**

* 1. Identify the ethical dimensions of a business decision.
  2. Recognize and analyze the tradeoffs created by application of competing ethical perspectives.
  3. Formulate and defend a well-supported recommendation for the resolution of an ethical issue.

1. **General Business Knowledge:** A CBA graduate will be able to demonstrate a basic understanding of the main business disciplines’ concepts and theories.

**Student Learning Objectives:**

* 1. Acquire a fundamental understanding of knowledge from the main business disciplines (e.g. finance, accounting, marketing, and management information systems, among others).

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-1)