

Standard Course Outline

FIN 360 Capital Markets

I. General Information:

Units: 3 credits
Prerequisites: None.
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Date Prepared: March 2020

II. Catalog Description:

Capital formation, rates, markets and institutions. Flow of fund analysis, intermediation, interest rate structures, risks and liquidity. Management of financial institutions. Letter grade only (A- F).

III. Curriculum Justification:

The course addresses a number of [COB Undergraduate Program Learning Goals](#):

General

- ♦ **Critical Thinking:** Students will be able to demonstrate conceptual learning, critical thinking, and problem-solving skills.
 - Students will be able to apply the concepts of interest rates, risk and return theory, regulatory trends and discussions, behavioral finance, forward-looking Fintech applications, different stages in valuation from venture to initial offering, corporate governance and shareholder activism, risk management and securitization, high frequency trading, etc and show how they are related to the improvement of business decisions made by financial institutions and firms in the framework of capital markets.
- ♦ **Ethics:** Students will be able to demonstrate awareness of social impact, ethical, social responsibility, and citizenship issues and apply them in decision making in the local, regional, and global communities.
 - Students will be able to distinguish between ethical and unethical actions within financial markets. They will further show their understanding that unethical behavior leads to loss of value of financial instruments, firms, financial institutions and ultimately of financial markets.
- ♦ **Team & Interpersonal Skills:** Students will be able to demonstrate interpersonal skills for working in a dynamic and diverse world, including in a team environment.
 - Students will work on a valuation-type excel project, produce investment decisions and deliver oral presentations while working through managing interpersonal conflict, negotiating and integrating their skills with team members. Students will also demonstrate that they understand the common issues in team/group decision making setting and should be able to resolve them within the team.
- ♦ **Communication Skills:** Students will be able to demonstrate effective oral and written communication skills in English.
 - Student will improve in written communication skills given the significant amount of writing requirement in this course. Students will also develop the skills enabling them to conduct a combination of the oral and written group presentation.

Management Specific

- ♦ **Business Functions:** Students will be able to demonstrate understanding of all business functions, practices and related theories and be able to integrate this functional knowledge in order to address business problems.
 - Students will be able to demonstrate that they understand concepts such as PMI, Fed's dual mandate, tools for monetary policy, behavioral biases in finance, different types of information asymmetry problems before and after contracting, forward-looking fintech applications, valuation approaches from venture to initial offering, corporate governance and shareholder activism, high frequency trading, etc and their intersection with each other. In doing so, students will be able to further demonstrate their understanding of decisions made by firms, investors and institutions interacting with each other through financial markets.
- ♦ **Quantitative & Technical Skills:** Students will possess quantitative and technological skills enabling them to analyze and interpret business data and to improve business performance.
 - Students will be able to demonstrate their understanding of valuations in different firm stages from venture to IPO pricing, limits of risk and return tradeoff such as moral hazard and arbitrage. Students will have an introduction to innovative models of financial intermediation such as crowdfunding or online social lending, as well as to specifics in climate finance beyond terminology, such as ratings and portfolio returns.
- ♦ **Domestic & Global Environment:** Students will be able to demonstrate awareness of social impact, and knowledge of today's domestic and global business environment (e.g., legal, regulatory, political, cultural, and economic).
 - Students will demonstrate that they can make investment decisions in today's domestic and global marketing environment (e.g. legal, regulatory, political, cultural and economic environmental factors).

IV. Course Objectives, Student Learning Outcomes, Evaluation Instruments, and Instructional Strategies for Skill Development

OBJECTIVE - Critical Thinking:

A. MEASURABLE STUDENT LEARNING OUTCOME(S):

After taking this course, students will learn to (a) apply concepts related to corporate governance and monetary policy, understand the key different implications of different regulations, be aware of forward-looking technology limitations and behavioral tendencies in traditional and innovative securities and market options, and show how they are related to the improvement of business decisions and performance, (b) show that an analysis of historical financial performance and long-term financial planning can improve business decisions and value

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include multiple choice and problem-oriented exams and quizzes, short answer and essay exams, and in-class problem-solving assignments.

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will review the key knowledge before the assignments and provide feedback on the assignments.

OBJECTIVE - Business Functions:

A. MEASURABLE STUDENT LEARNING OUTCOME(S):

After taking this course, students will learn to (a) demonstrate that they understand the advantages, and disadvantages and costs of the sources of long-term capital and how these sources can be used to support the growth of business, and (b) apply knowledge about high frequency trading and forward-looking Fintech applications, corporate governance and shareholder activism. In doing so, students will be able to further demonstrate their understanding of decisions made by firms, investors and institutions interacting with each other through financial markets, as well as the social impact of those decisions.

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include excel valuation group case assignment and valuation project (e.g. a simple regression to calculate beta using excel).

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will explain rubrics for writing expectations both before and after the valuation project, reviewing components of examples of well-written reports, incorporating feedback on reports with opportunities for revision.

OBJECTIVE - Quantitative and Technical Skills: [1] [SEP]

A. MEASURABLE STUDENT LEARNING OUTCOME(S):

After taking this course, students will be able to (a) perform ratio and Du Pont Analysis of public firms, (b) demonstrate that they can evaluate a firm at financing options and conditions at venture stage and beyond, including share valuation in Initial Public Offerings, (c) demonstrate they can estimate limits to arbitrage through buying on margin and short-selling, and understand amortization tables. As part of this course, students will be required to obtain a working knowledge of Compustat, CRSP and Excel.

B. EVALUATION INSTRUMENTS (ASSIGNMENTS):

Specific assignments will vary by instructor, but typical assignments include excel group case assignment and valuation project.

C. INSTRUCTIONAL STRATEGIES FOR SKILL DEVELOPMENT:

Instructors will explain rubrics for writing expectations both before and after the valuation project, reviewing components of examples of well-written reports, incorporating feedback on reports with opportunities for revision.

V. Outline of Subject Matter

SUGGESTED COURSE SCHEDULE / TOPICS TO BE COVERED

1. **Introduction to the basics of Financial Markets** including trading trends, institutions in the financial environment, raison d'être of types of instruments and securities including securitization, risks in buying-on-margin and short selling.
2. **Introduction to Financial Institutions:** types of financial institutions, why depository institutions are special and extra-regulated, overview of compliance requirements including stress tests. The Federal Reserve system, purpose and functions in financial markets.
3. **High Frequency Trading:** dark pools, machine traders, illegal and questionable strategies.

4. **Fintech** innovations such as block chain, cryptocurrency and use of public clouds
5. **Behavioral Finance**: including anchoring, loss-aversion, overconfidence and framing
6. **Risk Management in Financial Institutions**: traditional types of risk, the risk and term structure of interest rates, the role of money in capital markets. Introduction to compliance principles in regulation.
7. **Value Investing**: relation to CAPM and Efficient Market Hypothesis.
8. **Initial Public Offerings**: process and requirements, dotcom bubbles and forbidden practices, trends.
9. **Mergers & Acquisitions**: introduction to main concepts and waves. Trends.
10. **Bankruptcy**: Ch 7 and 11, deepening insolvency
11. **Corporate Social Responsibility**: equator principles, financial sustainability, new ratings, strategies for information asymmetries & agency problems, portfolio returns
12. **Corporate Governance and ethics**: main strategic goals and structural methods. Changes in compliance.
13. **Firm valuation towards investment and financing decisions**. Venture, mature ratio analysis, initial public offering pricing.
14. **Microfinance, microinsurance, fair trade**: recent developments, hybrids
15. **Global Markets**: regulations, practices, international finance concepts

VI. Methods of Instruction

INSTRUCTION MODE

Check one or more modes of instruction that this course is authorized to use. Syllabi must also contain an explicit statement describing the mode of instructional delivery.

May refer to university policies on [Academic Technology and the Mode of Instruction](#) and [Course Syllabi and Standard Course Outlines](#) for descriptions of modes of instruction and for guidelines for non-traditional modes of instruction.

This class can be offered as an online, hybrid, or flipped class, with the approval of the department chair, subject to program requirements and college guidelines.

✓ Traditional ✓ Hybrid ✓ Local Online ✓ Distance Education

CLASSROOM ACTIVITIES

Method of instruction generally comprises of a combination of lecture, class discussion of current business articles, discussion of readings, and active student participation.

EXTENT AND NATURE OF TECHNOLOGY USE

Instructors will recommend students to use Compustat, CRSP and Excel for data retrieval and data processing tool as part of instruction.

If the course is conducted entirely through Alternative Modes of Instruction, both synchronous and asynchronous learning will be incorporated. Students will access the course material and activities on BeachBoard and will be required to participate in synchronous class meetings via Zoom. All students must have access to a computer or other device with Internet functionality and a webcam to access BeachBoard and Zoom, participate in class activities, and complete assignments. Students must also have access to Internet with sufficient speed in order to be able to participate in

synchronous meetings.

Students who experience unexpected technical issues for a class session or assignment will be provided with the opportunity to make up missed work. Students who experience technical issues during a synchronous meeting or with an assignment should notify the instructor via email as soon as possible.

To access this course on [BeachBoard](#) and [Zoom](#), students will need access to the Internet and a supported web browser (Safari, Google Chrome or Firefox). Log in to [BeachBoard](#) with your CSULB Campus ID and BeachID password. Once logged in, you will see the course listed in the My Courses widget; click on the title to access the course. To access Zoom, first [install the latest version](#) of the Zoom app on your device. Use the link provided and/or sign in using your CSULB Campus ID and BeachID password via Single Sign On to create or join a Zoom session. If students need technical assistance during the course or would like to report a technical issue with BeachBoard or Zoom, they should contact the [Technology Help Desk](#).

VII. Information about Textbooks/Readings

This course requires materials from different sources. Recommended Textbooks for different chapters:

- *Financial Markets and Institutions* by Anthony Saunders and Marcia Million Cornett, 6th Edition, McGraw-Hill Irwin, 2015
- Essentials of Investments by Bodie, Kane and Marcus.
- Principles of Corporate finance by Brealey and Myers.
- *Harvard Business Publishing* on venture valuation, entrepreneurship etc.
- NYU Prof. Damodaran's valuation website

VIII. Instructional Policies Requirements

Instructor's syllabi must contain explicit statements regarding their own policies with regard to plagiarism, withdrawal, absences, etc., which should be consistent with the university policies published in the CSULB Catalog. It is expected that every course will follow university policies on [Attendance](#), [Course Syllabi & Standard Course Outlines](#), and [Final Course Grades, Grading Procedures, and Final Assessments](#). If some or all sections of the course are to be taught, in part or entirely, by distance learning, the course must follow the provisions of university policy on [Academic Technology and the Mode of Instruction](#). Instructors should refer to the current [CSULB Catalog](#) and to the [Academic Senate](#) website for campus guidelines and policy statements as they develop their individual course policies.

Lecturing on theories & concepts of finance and applications to investments. Quantitative techniques and problem solving. Managing an investment portfolio, presentation & discussion (group project). Individual hedging strategy using derivative securities.

Instructors in planning the exams, and other grading procedures, should adhere to the relevant [University Policy on Grades, Grading Procedures, and Final Assessments](#).

The textbooks for this course should be chosen in accordance with the university policy on [Selection of Instructional Materials](#). There are many appropriate textbooks for this course; it is generally agreed that none of them is perfect. The following suggestion is based on the special nature of this core MBA course:

- ♦ Students will arrive at this course with extraordinary range of backgrounds; and therefore prior knowledge will be highly variable, however,
- ♦ Students will have a level of maturity that will enable them to look at a broader picture via more

- advanced cases, simulations, group projects and
- ♦ Examinations must be essay-type and/or problem solving questions and avoid the use of multiple-choice questions.

IX. Course Assessment and Grading

The exact set of course assignments will vary depending on the instructor. However, at least one Excel group case assignment and valuation project is required and will count for certain percentages of final grade.

Grading policies, procedures, and the percentage of the course grade associated with each assessment must be explicit on each instructor's syllabus and must be consistent with University policy on "Final Course Grades, Grading Procedures, and Final Assessments." Instructors must develop scoring guidelines for assessments, which must be made available to students. The final course grade will be based on a descriptive scale such as the following:

Percent	Grade	Grade Description
90-100%	A	Mastery of the relevant course standards.
80-89%	B	Above average proficiency of the relevant course standards.
70-79%	C	Satisfactory proficiency of the relevant course standards.
60-69%	D	Partial proficiency of the relevant course standards.
Below 60%	F	Little or no proficiency of the relevant course standards.

X. Disabilities

The SCO and syllabi should contain a statement regarding support services for students with disabilities. Under the Office of Civil Rights and the Americans with Disability Act, students may disclose **at any time** during the academic semester that they need a classroom accommodation based on a disability. Thus, it is strongly recommended that all SCOs and syllabi use the following language, as it meets both federal and state legal standards.

The Bob Murphy Access Center (BMAC)

The Bob Murphy Access Center (BMAC) provides certification for students with disabilities and helps arrange relevant accommodations: [Bob Murphy Access Center](#). Any student requesting academic accommodations based on a disability is strongly encouraged to register with Disabled Student Services (BMAC) each semester. A letter of verification for approved accommodations can be obtained from BMAC. Please be sure to provide your instructor with BMAC verification of accommodations as early in the semester as possible. The phone number for BMAC is (562) 985 5401. The email address is: bmac@csulb.edu.

XI. Assistive Technology

The SCO should contain a statement regarding the university policy on assistive technology.

In compliance with university policy on [Accessibility and Faculty Responsibility for the Selection of Instructional Materials](#), instructors are responsible for ensuring that their syllabi and instructional materials are accessible to all students.

XII. Sexual Assault, Rape, Dating/Domestic Violence, & Stalking

Title IX prohibits gender discrimination, including sexual harassment and sexual misconduct. If you have experienced sexual harassment, sexual assault, rape, dating/domestic violence, or stalking, the campus confidential Victim's Advocate is available to help. Jaqueline Urtez

(e: advocate@csulb.edu, p: (562) 985-2668) can provide free and confidential support, accommodations, and referrals for victims without having to report the assault to campus authorities. While students are welcome to discuss assaults with faculty, both faculty and teaching assistants are mandatory reporters who are required to report all incidents of sexual harassment/misconduct to the Title IX office for follow-up and possible investigation. Students who do wish to report the assault for possible investigation may contact the confidential victim's advocate, who can help them through the reporting process, or they can report the assault directly to the [Title IX Office](#) by completing an online reporting form or contacting the Office of Equity & Diversity at OED@csulb.edu.

XIII. Consistency of SCO Standards across Sections

All future syllabi will conform to the SCO. The course coordinator should review the SCO and offer advice and/or materials to faculty member new to teaching the course. The course coordinator may offer or require regular review of instructors' course materials as well as anonymous samples of student work.

XIV. [Additional Resources for Development of Syllabi](#)