

**INTERAMERICAN UNIVERSITY OF DE PUERTO RICO  
METROPOLITAN CAMPUS - PROGRAMA MBA PROGRAM  
SYLLABUS**

**I. GENERAL INFORMATION**

<b>Course Title</b>	:	<b>FINANCIAL MARKETS</b>
<b>Code and Number</b>	:	<b>BADM 6240</b>
<b>Credits</b>	:	<b>3</b>
<b>Academic Term</b>	:	
<b>Professor</b>	:	
<b>Office Hours</b>	:	
<b>Telephone</b>	:	
<b>Email Address</b>	:	

**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. STOK MARKETS**

- 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		
<b>Total</b>	<b>300</b>	<b>100</b>

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

### VII. SPECIAL NOTES

#### A. Auxiliary services or special needs

All students who require auxiliary services or special assistance must request them at the beginning of the course or as soon as they become aware that they need them, through the corresponding registry, in the Office of the Coordinator of services for students with disabilities, Dr. María de los Ángeles Cabello. She is located in the Counseling and Counseling Program, office 111, on the first floor of the John Will Harris building, extension 2306

#### B. Honesty, fraud, and plagiarism

Dishonesty, fraud, plagiarism and any other inappropriate behavior in relation to academic work constitutes major infractions sanctioned by the General Student Regulations. The major infractions, as stated in the General Student Regulations, may have as a consequence, suspension from the University for a definite period greater than one year or the permanent expulsion from the University, among other sanctions.

#### C. Use of electronic devices

Cellular telephones and any other electronic device that could interrupt the teaching and learning processes or alter the environment leading to academic excellence will be deactivated. Any urgent situation will be dealt with, as appropriate. The handling of electronic devices that allow students to access, store or send data during evaluations or examinations is prohibited

#### **D. Compliance with the Provisions of Title IX**

The Federal Higher Education Act, as amended, prohibits discrimination because of sex in any academic, educational, extracurricular, and athletic activity or in any other program or function, sponsored or controlled by a higher education institution, whether or not it is conducted within or outside the property of the institution, if the institution receives federal funds.

In harmony with the current federal regulation, in our academic unit an Assistant Coordinator of Title IX has been designated to offer assistance and orientation in relation to any alleged incident constituting discrimination because of sex or gender, sexual harassment or sexual aggression. The Assistant Coordinator Sr. George Rivera can be reached by phone at extension 2262 o 2147, or by e-mail [griverar@metro.inter.edu](mailto:griverar@metro.inter.edu).

The Normative Document titled **Norms and Procedures to Deal with Alleged Violations of the Provisions of Title IX** is the document that contains the institutional rules to direct any complaint that appears to be this type of allegation. This document is available in the Web site of Inter American University of Puerto Rico ([www.inter.edu](http://www.inter.edu)).

#### **VIII. TEACHING RESOURCES**

Assigned Text

Jeff Madura, "Financial Markets and Institutions". 13th. Ed. Cengage Learning, Inc. ISBN: 978-00-357-13079-7. 2018

#### **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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