

## Financial Markets and Institutions Syllabus

| <b>Course Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                           |
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| Academic Year & Semester                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 115/1, 2026 Fall                          |
| Class Schedule                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Friday, 9:10 – 12:00                      |
| Venue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Room 359, School of Management            |
| Credits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3, Compulsory, for Graduate Students      |
| Prerequisites                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Economics, Corporate Finance, Investments |
| <b>Instructor Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                           |
| Instructor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Dr. Chia-Hsien Lin                        |
| E-mail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | amberchlin@alum.ccu.edu.tw                |
| Office Hours                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Thursdays, 13:00 – 15:00                  |
| Office Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Office 339, School of Management          |
| <b>Course Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                           |
| <p>This course provides a comprehensive exploration of the fundamentals of financial markets, modern financial instruments, and the evolving dynamics of contemporary financial systems. Designed with a strong emphasis on practical application, the course examines the key types of financial institutions, analyzing their strategic roles, operational mechanisms, and systemic functions within global and domestic financial markets.</p> <p>The knowledge and analytical skills acquired in this course will prepare students for advanced careers in corporate finance, banking, asset management, and financial research, equips them to tackle complex administrative, analytical, and economic challenges. Furthermore, this course serves as a critical foundation for mastering core financial concepts and utilizing quantitative tools to formulate effective, real-world financial strategies.</p> <p>To foster an engaging and rigorous learning environment, class sessions integrate interactive lectures with real-world case studies. Lectures focus on building a solid theoretical framework while connecting concepts to current market practices through lively classroom discussions. Complementing these sessions, case studies and rigorous assessments, including problem-solving exercises and analytical exams, will challenge students to apply their insights and critically evaluate contemporary financial issues.</p> |                                           |

| <b>Course Schedule</b> |                                                                                                                                                                                                                                                      |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| W1 (9/11)              | Course introduction<br>[Lecture]<br>Chapter 1: Introduction<br>Chapter 2: Determinants of Interest Rates                                                                                                                                             |
| W2 (9/18)              | [Lecture]<br>Chapter 3: Interest Rates and Security Valuation<br>[In-Class Workshop]<br>Applied Strategies: Interest Rate Arbitrage & Duration Matching                                                                                              |
| W3 (9/25)              | Mid-Autumn Festival                                                                                                                                                                                                                                  |
| W4 (10/2)              | [Lecture]<br>Chapter 6: Bond Markets<br>[In-Class Workshop]<br>Real-World Case Analysis: Hon Hai Precision Convertible Bonds                                                                                                                         |
| W5 (10/9)              | [Lecture]<br>Chapter 8: Stock Markets                                                                                                                                                                                                                |
| W6 (10/16)             | National Day Holiday                                                                                                                                                                                                                                 |
| W7 (10/23)             | <b>Case Study I</b>                                                                                                                                                                                                                                  |
| W8 (10/30)             | <b>Case Study I</b>                                                                                                                                                                                                                                  |
| W9 (11/6)              | [Lecture]<br>Chapter 4: The Federal Reserve System, Monetary Policy, and Interest Rates                                                                                                                                                              |
| W10 (11/13)            | [Lecture]<br>Chapter 5: Money Markets<br>[In-Class Workshop]<br>Macro Analysis: Problem-Solving on the Money Multiplier and Monetary Policy Transmission<br>Practical Application: Leverage Strategies and Cash Management via Repurchase Agreements |
| W11 (11/20)            | [Lecture]<br>Chapter 7: Mortgage Markets<br>[In-Class Workshop]<br>Problem-Solving Session: Mortgage Refinancing and Structuring                                                                                                                     |
| W12 (11/27)            | Adjusted Leave                                                                                                                                                                                                                                       |
| W13 (12/4)             | <b>Case Study II</b>                                                                                                                                                                                                                                 |
| W14 (12/11)            | <b>Case Study II</b>                                                                                                                                                                                                                                 |

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| W15 (12/18)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Final Examination                              |
| W16 (12/25)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Constitution Day Holiday                       |
| W17 (1/1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Founding Day of the Republic of China (Taiwan) |
| W18 (1/8)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Flexible Course                                |
| <b>Evaluation Criteria</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                |
| <p><u>Grading Policy</u></p> <p>Performance will be evaluated based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Active Class Participation (15%)</li> <li>• Case analysis (40%, each for 20%)</li> <li>• Final Examination (45%)</li> </ul> <p>Group Works</p> <ul style="list-style-type: none"> <li>• Students are required to form groups of 5 to 6 members by Week 2. Group composition will remain fixed throughout the semester for all in-class group discussions and case analyses.</li> <li>• Group assessments account for 55% of your final course grade (covering case studies and in-class discussions), structured as follows: <ul style="list-style-type: none"> <li>◦ Group Performance (35%): A shared grade based on the collective outputs and deliverables of your group.</li> <li>◦ Individual Contribution (20%): Personalized score based on your active involvement and peer evaluations.</li> </ul> </li> <li>• To ensure fairness and accountability, an anonymous online peer evaluation survey will be administered in Week 15 (due in Week 16). <ul style="list-style-type: none"> <li>◦ Every student must evaluate all team members by assigning a contribution score and providing detailed qualitative feedback on each member's specific tasks and responsibilities.</li> <li>◦ Individual scores for group participation and case studies will be adjusted based on these survey results.</li> <li>◦ Assigning identical or maximum scores to all group members is strictly prohibited. If a student submits uniform grades for all team members, that student will automatically receive the lowest contribution score awarded within their group.</li> </ul> </li> </ul> <p><i>Active Class Participation (15%)</i></p> <ul style="list-style-type: none"> <li>• Throughout the semester, there will be 3 to 4 in-class workshops focusing on hands-on problem-solving and concise case analyses. Students will work in their assigned groups to analyze real-world financial issues within the designated class time.</li> <li>• Each group is required to present their analytical findings at least once during these workshops. Presenting groups are encouraged to prepare any supporting materials necessary to ensure a clear, seamless, and professional delivery.</li> <li>• Evaluation will be based on the depth and rigor of your team's analysis, as well as the clarity and effectiveness of your presentation.</li> <li>• All workshop exercises and discussions will take place entirely during scheduled class hours. No prior preparation or post-class assignment is required.</li> </ul> |                                                |

### *Case Analysis (40%)*

- Case presentation sessions will take place in Weeks 7, 8, 13, and 14. Case analyses are conducted on a group basis. Groups may freely select topics from the provided reference list; however, each case can be chosen by a maximum of two groups on a first-come, first-served basis.
- Each case accounts for 20% of your final course grade (40% total for two cases).
- Presentation slides must be uploaded to eCourse2 at least 3 days prior to the presentation date. Late submissions will automatically receive a score of zero.
- Presenting groups must submit a physical printout to the instructor on the presentation day. Printouts must follow a portrait layout, 2 slides per page, double-sided format.
- Each group is allocated 25 to 30 minutes for their case presentation, followed by a 20-to-25-minute Q&A session.
- Grades will be evaluated based on the analytical logic, rigor, and comprehensiveness of your work. The final score encompasses the quality of the slides, presentation delivery, Q&A performance, and the thoroughness of the post-class revisions.

### *Exams (45%)*

- There will be one final closed-book exam in week 15. The exam will account for 45 points in your final grade.
- All class discussions will be covered in exam, including those not in the textbook. Therefore, students who miss any class meetings cannot complain about unfamiliar content appearing in the exams.
- Absence from the exams will not be excused, except for serious medical reasons supported by a doctor's letter (explaining why the student couldn't participate). There will be no make-up exams for other reasons.

## Textbook & References

### Required Textbook

- Financial Markets and Institutions (2024 Release), 9th Edition, Anthony Saunders, Marcia Millon Cornett, and Ogtontsetseg (Otgo) Erhemjamts (ISBN: 9781266825811)

### Cases

#### Case Study I

##### *Institutional Asset-Liability Management & Asset Operations*

- Liquidity, Mutual Fund Flows, and ReFlow Management, LLC
- Prudential Financial and Asset-Liability Management

##### *Primary Market Capital Raising & Corporate Valuation*

- JetBlue Airways IPO Valuation
- WorldCom, Inc.: Corporate Bond Issuance

##### *Credit Underwriting & Quantitative Risk Management*

- Implementing Quantitative Risk Management and VaR in a Chinese Investment Bank
- U.S. Bank of Washington

#### Case Study II

##### *Macroeconomic Policy, Financial Derivatives & Yield Curve Arbitrage*

- An Arbitrage Opportunity in the Futures Market: The ECB's Quantitative Easing Program
- Fixed-Income Arbitrage: Butterfly Effects

##### *Advanced Interest Rate Hedging*

- Fixed- or Floating-Rate Debt? Let Me Google That for You.
- Hedging the Interest Rate Risk: The Exim Bank's Way

##### *Liquidity Crises, Funding & Asset Securitization*

- Return of the Loan: Commercial Mortgage Investing
- The Tip of the Iceberg: JP Morgan and Bear Stearns (A)

The instructor retains the authority to make adjustments to this syllabus as necessary. Any modifications will be communicated through class announcements.