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**PADM-GP Course Number 2150**

**Financial Markets and Crises**

**Instructor Information**

Professor: Andrew McKenna

Email: am8866@nyu.edu

Phone: 415-676-0142

Office Hours: Thursday 5:30-6:30pm and by appointment.

**Course Information**

Class Meeting Times: Thursdays 6:45-8:25pm

Class Location: NYU Global Center for Academic and Spiritual Life, 238 Thompson St. Room 265

**Course Description**

In this course students will learn the fundamentals of capital markets and risk. Through readings, lectures, real-world case studies, and assignments, students will gain an understanding of how financial institutions and markets work, the basics of how financial instruments are priced, and then primarily through case studies examine how risk measurement and management failures led to disasters in financial markets, institutions and/or products.

The introduction to the course will focus on financial institutions. It will cover depository institutions, finance companies, securities firms and investment banks, mutual funds and hedge funds, along with insurance companies. Then, we will cover risk measurement and management, along with specific case studies to illustrate real-world examples of failures. Risk measurement will cover the basic concepts across risk stripes: interest rates, credit, liquidity, FX, sovereign, market and fintech, to name a few. Risk management will cover a variety of concepts related to fundamental risk management practices and capital adequacy.

**Course Objectives**

By the conclusion of the course, students should be able to:

* Understand how different financial institutions, markets, and products work, how they are valued and how one can assess the risks associated with them.
* Understand various case studies of crises that have occurred related to different institutions, markets, and products, with an ability to diagnose what happened and why.

**Course Prerequisite**

The only prerequisite for this course is a basic familiarity with Excel, statistics and bond math (time value of money). If you do not have experience with these topics, please contact the course instructor to identify online materials to help you prepare for the class.

**Course Materials**

The textbook for the course is: Fabozzi, Frank, Capital Markets, 5th Edition, Massachusetts Institute of Technology. Additionally, links to other case studies and academic articles can be found below.

**Course Website**

The course website can be found on NYU Learning Management System (“NYU LMS” or “Brightspace”), accessible via the “Academics” tab on NYU Global Home (http://globalhome.nyu.edu). In addition, we will occasionally send emails about course logistics to your NYU email account. Therefore, you should check both the course website and your NYU email account on a regular basis.

**Grading**

Reading assignments must be completed before each lecture. Note that you have a reading assignment for the first class. You are not required to read the chapter appendices unless specifically noted below. Handout readings can be found on the course website.

Homework assignments consist primarily of analytical problems based on the previous week’s readings and lecture. All assignments can be found on the course website. Solutions will be posted each week after the final lecture has met.

**Academic Integrity**

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by Wagner’s Academic Code. All Wagner students have already read and signed the Wagner Academic Oath. Every student is expected to maintain academic integrity and is expected to report violations to their instructor. If you are unsure about what is expected of you, you should ask.

**Grading**

Your course grade will be determined as follows:

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| --- | --- | --- |
| **Component** | **Description** | **Weight** |
| Participation | Attendance and engagement in class (i.e., questions and comments). | 20% |
| Online discussion | Each week, we will discuss current events and topics. Each student will select one week to identify a topic and one regulatory agency to discuss. | 10% |
| Policy briefs | Each student will write two 3-5 page policy briefs that are intended for a senior policymaker. | 30% |
| Group project | Each student will work collaboratively with 2-3 other students on a team to present on and facilitate discussion on one financial markets crisis topic. | 20% |
| Final project | Individual presentation on a selected topic with an associated 5 page paper. A list of potential options will be sent around or you can select your own. | 20% |

**Weekly class coverage**

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| **Class** | **Topics covered** |
| #1 | * Syllabus walkthrough and grading discussion * Overview of capital markets |
| #2 | * Financial assets and markets overview * Risks and risk management * Market participants |
| #3 | * Depository institutions |
| #4 | * Managers of collective investment vehicles |
| #5 | * Primary and secondary markets |
| #6 | * Equity markets |
| #7 | * Debt markets * Residential mortgage markets |
| #8 | * Group presentations |
| #9 | * Securitization |
| #10 | * Introduction to derivatives |
| #11 | * Investment banks |
| #13 | * Case study: JP Morgan London Whale |
| #13 and 14 | * Final presentations |

**Henry and Lucy Moses Center for Students with Disabilities at NYU**

Academic accommodations are available for students with disabilities. Please visit the Moses Center for Students with Disabilities (CSD) website and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

**NYU’s Calendar Policy on Religious Holidays**

NYU’s Calendar Policy on Religious Holidays states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.