Tentative Syllabus

Syllabus: Foundations of Financial Markets
Course Number C15.0002
New York University, Stern School of Business

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Blackboard
We will use the web-based software package “Blackboard” in this course. It can be accessed through your browser at http://sternclasses.nyu.edu. If you do not have a password for Blackboard, go to http://start.nyu.edu to set one up. Blackboard is a part of the course, and you are responsible for any information posted there. Office hours, readings, problem sets, solutions, and announcements will be posted on Blackboard throughout the semester so please check it regularly.

Teaching Assistants
TBA

Textbooks
1. Bodie, Kane, and Marcus, “Essentials of Investments.”

Problem Sets
There will be a problem set almost every week, starting with the second week of class. You will be rewarded full credit on the problem sets if you have made a good-faith effort to answer all of the questions, and if you hand in your answers on time. Late problem sets will not be accepted. Answers to the problem sets must be your own, and must be handwritten. Also, the course website contains suggested additional problems.
Study Groups
You are encouraged to work in groups on the problem sets, but you must hand in your own handwritten answers. It is also highly recommended that you regularly discuss the readings in a study group.

Calculators
You need a calculator for this class. It is an advantage to have a financial calculator, but not a requirement. Standard financial calculators include, for instance, Hewlett Packard 12C and 10B.

Exams
The course has a midterm and a final exam. The final exam is cumulative. You will be allowed one handwritten double-sided page of notes at the midterm and two handwritten double-sided pages of notes for the final exam. To prepare for these exams you should (i) review the key issues discussed in the class and in the readings, (ii) review the problem sets that you handed in, (iii) look at the suggested problems and the concept checks in the book, and (iv) do the sample exams.

Grading
Grades will be based on the final exam (45%), the midterm exam (30%), problem sets (10%), the core enhancement (10%) and participation (5%).

Course Content
The course gives an introduction to financial markets. The main topics of the course are portfolio selection, equilibrium asset pricing, arbitrage, fixed income securities, and derivatives. The course is rigorous, and students are expected to be able to understand and apply quantitative methods. Examples illustrate important real-world applications of the theory.

Course Outline
- Financial Instruments and Markets
- Time Value of Money
- Portfolio Selection
- Equilibrium Asset Pricing: The Capital Asset Pricing Model
- Equity Valuation
- Arbitrage
- Fixed Income Securities
- Derivative Securities
- Market Efficiency, Frictions, and Anomalies