

FINANCIAL MARKETS COMPLIANCE (FMC)

FMC 101

Regulatory Structure, Business Entities, and Corporate Governance

This course provides the building blocks and foundation to be able to understand the regulation of finance markets. It begins by exploring the structure of the American legal system and provides a preview of the various administrative agencies involved in regulating the financial markets. Using the U.S. Securities and Exchange Commission as an example, we will study some of the controversies that its creation engendered. In the second part of the course, the basic legal structure of a corporation, including the concept of limited liability and the fiduciary duties that a board of directors owes its shareholders, will be examined. With this background, the course demonstrates how a compliance system can protect both a corporation and its board of directors.

Corequisite(s): FMC 102

Lecture: 0 **Lab:** 0 **Credits:** 0

FMC 102

Global Financial Markets and Market Regulation

This course enables students to understand the basics of financial markets and how they operate in the global arena. It examines how the equities markets works, including how shares are traded on the secondary market, how exchanges (the NYSE, Nasdaq, LSE,) are organized and how they are being transformed. The student will also learn how the bond markets function, including the markets for government bonds, notes, and bills; corporate bonds; and mortgage-backed securities. We will then study different types of derivative instruments such as how futures, options, and swaps are structured; how margining works; and how derivatives can be used to manage various types of risk. The course focuses on the instruments, the players, the jargon, the details of the trade, and the institutional framework for each market. Students will learn how each of these markets operate in the United States and how some practices differ in other parts of the world. Upon completion of this course, students will be able to interpret most of the tables in the Wall Street Journal.

Corequisite(s): FMC 101

Lecture: 0 **Lab:** 0 **Credits:** 0

FMC 103

Compliance in Financial Institutions

In this course the student will learn the basics components of a compliance program in the context of a variety of financial institutions. It begins by exploring what compliance means and entails as operationalized in financial institutions and covers the four prongs of a compliance program, including tone at the top, testing, risk analysis, and how to educate and communicate with a diverse workforce. More specifically, it will look at codes of ethics, understanding the compliance needs and risks of both small and large financial institutions, the crucial concept of supervision and risk management, how a compliance department might be structured, and the role of compliance in relationship to the audit and legal function, as well as a financial institution's board of directors. In the process, the student will become familiar with a variety of primary documents and learn how to read and understand rules, regulations, complaints, regulatory releases, and settlements. The student will gain familiarity with routine types of compliance violations, such as market manipulation, painting the tape, front running, churning, and mismarking books. The course uses a variety of case scenarios, many arising from the financial crisis. In employing such cases, the class will continually ask the question: What went wrong?.

Corequisite(s): FMC 101

Lecture: 0 **Lab:** 0 **Credits:** 0

FMC 104

Financial Crime and Inside Trading

In the past couple of years, the government has brought some of the largest insider trading cases since the 1980s. The penalty for insider trading includes fines and can result in criminal liability and imprisonment. This course will give students a basic knowledge of insider trading law with a special emphasis on the compliance issues arising from the use of non-public information in financial institutions and by their employees. It begins by introducing students to the primary elements of insider trading liability. The course then proceeds to cover the use of expert networks by asset managers, potential issuer liability the Commission's guidance and industry best practices relating to information walls in large, complex financial institutions. Students will achieve a practical understanding of the processes and procedures that help to mitigate potential liability under insider trading in each of these areas through an examination of major enforcement and criminal prosecutions.

Corequisite(s): FMC 101

Lecture: 0 **Lab:** 0 **Credits:** 0

FMC 105

Investigating Fraud and Cooperating with Government

Investigations

This course's objective is to provide a thorough understanding of the business considerations, legal concerns, and practical implications of handling informal inquiries from a variety of regulators, reviewing formal complaints from regulators and customers, the ins and outs of conducting a thorough internal corporate investigation, responding to internal oversight groups, tracking violations and measuring outcomes, and reporting to investigative agencies. The course will consist of a series of case studies, as well as other primary material. The objective of the course is to teach the art of interacting and partnering with auditors and regulators, as well as how to conduct thorough and ethical investigations in an often high-stakes environment.

Corequisite(s): FMC 101

Lecture: 0 Lab: 0 Credits: 0

FMC 106

Cybersecurity, Money Laundering, and Technology

This course provides students with processes and outcomes for the identification, implementation, and maintenance of compliance objectives for information technology. It helps define IT compliance and explain why it is necessary. The course will familiarize students with the areas related to IT compliance, such as information security, IT service management, risk assessment, and testing, as well as how compliance with new and changing rules and regulations can be achieved. Processes for performing compliance activities will be discussed, and students will learn how an organization can monitor, maintain, and report IT compliance, both internally and externally. Real-world examples will enhance the student's understanding of IT compliance and how an organization can determine whether its IT function is in compliance with required internal procedures and external laws and regulations.

Corequisite(s): FMC 101

Lecture: 0 Lab: 0 Credits: 0