

MEMORANDUM

**TO:** Karen Butler-Purry, Associate Provost and Director  
Office of Graduate Studies

**THROUGH:** Patricia Hurley, Associate Dean  
College of Liberal Arts

**FROM:** Timothy Gronberg, Department Head  
Department of Economics

**DATE:** October 28, 2013

**SUBJECT:** Exception Requests for MS in Economics with Concentrations in Financial  
Economics or Financial Econometrics.

RECEIVED  
Approved by GC  
OCT 30 2013

ph  
Mark Izora  
Chair  
11-15-13

The Department of Economics has established a concentration or track in Financial Economics or Financial Econometrics within the framework of our existing MS degree program. The concentration was first offered in AY 2011-12. The Financial Economics/Financial Econometrics concentration is a recognized professional degree type program and students pay a program fee, which was approved by the Board of Regents in May of 2013, to participate. The new concentration degree program has been very successful, with entering class enrollments of 56, 67, and 85 for the first three years.

We are seeking exceptions for our Financial Economics/Financial Econometrics concentration with respect to MS committee structure and with respect to final examination requirements. The new MS concentrated program is a highly structured non-thesis degree program. Consistent with the professional program focus, Financial Economics/Financial Econometrics MS students are required to participate in a capstone course. The capstone involves a student research project and includes a required student presentation of the research findings. We view the capstone course as a suitable professional program substitute for a final examination, and thus we seek approval to waive the final examination requirement for the non-thesis MS degree with a concentration in Financial Economics or Financial Econometrics. Coupled with this examination waiver is a proposed centralization of the student advisory committee. We seek approval to adopt a one-person committee for the concentrated program MS students. The Director of the MS Program will be the modal committee chair, although allowance for an alternative single faculty member is also proposed.

Approval of the two exceptions will greatly improve the efficiency of administering the program while not compromising program quality nor weakening student protections. We urge your support.

Please let me know if there is additional information that we might provide.

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## Catalog and Curricular Change Request – Master of Science in Economics

Department of Economics

College of Liberal Arts

### Student's Advisory Committee (from current catalog, page 63)

After receiving admission to graduate studies and enrolling for coursework, the student will consult with the head of his or her major or administrative department (or intercollegiate faculty, if applicable) concerning appointment of the chair of his or her advisory committee. With the exception of the Mays Business School non-thesis option, the Master of Science in Economics with a concentration in financial economics or financial econometrics, and the Master of Science for a student with a major in Educational Human Resource Development, HRD option, the student's advisory committee for the master's degree will consist of **no fewer than three members of the graduate faculty** representative of the student's fields of study and research. The chair or one of the co-chairs of the advisory committee must be from the student's major department (or intercollegiate faculty, if applicable), and **at least one or more of the members must have an appointment to a department other than the student's major department**. The outside member for students in an intercollegiate program must have an appointment to a department different from the chair of the student's committee.

### Non-Thesis Option (from current catalog, page 68)

For the non-thesis option, a thesis is not required. A final comprehensive examination is required for all non-thesis Master of Science programs except the Master of Science programs offered by the Mays Business School, the Master of Science in Economics with a concentration in financial economics or financial econometrics, and the Master of Science with a major in Educational Human Resource Development, HRD option. No exemptions are allowed. The requirements as to level of courses and examinations are the same as for the thesis option Master of Science degree. The final examination cannot be held prior to the mid point of the final semester if questions on the examination are based on courses in which the student is currently enrolled.

### Steps to Fulfill Master's Degree Requirements

1	Meet with departmental graduate advisor to plan course of study for first semester.	➡	<b>When:</b> Before first semester registration. <b>Approved by:</b> Graduate advisor or chair of the intercollegiate faculty.
2	Establish advisory committee. Submit a degree plan.*	➡	<b>When:</b> Prior to the deadline imposed by the student's college and no later than 90 days prior to final oral or thesis defense. <b>Approved by:</b> Advisory committee, department head or chair of the intercollegiate faculty, and Office of Graduate Studies (OGS).
3	If thesis is required, submit thesis proposal to the Office of Graduate Studies.	➡	<b>When:</b> At least 25 working days prior to the submission of the Request for the Final Examination. <b>Approved by:</b> Advisory committee, department head or chair of the intercollegiate faculty and OGS.
4	Apply for degree**; pay graduation fee.	➡	<b>When:</b> During the first week of the final semester, see OGS calendar.
5	Check to be sure degree program and advisory committee are up to date and all ELPE requirements	➡	<b>When:</b> Well before submitting request to schedule final examination.

	(if applicable) and coursework are complete.		
6	Complete residence requirement.	▶	<b>When:</b> If applicable, before or during final semester. <b>Approved by:</b> OGS.
7	Submit request for permission to schedule final examination; <u>not required for non-thesis concentration students.</u>	▶	<b>When:</b> Must be received by OGS at least 10 working days before exam date. See OGS calendar for deadlines. <b>Approved by:</b> Advisory committee, department head or chair of the intercollegiate faculty, and OGS.
8	If required, upload one approved final copy of thesis as a single PDF file (thesis.tamu.edu) and submit signed approval form to the Thesis Office.	▶	<b>When:</b> See OGS calendar for deadlines. <b>Approved by:</b> Advisory committee, department head or chair of the intercollegiate faculty and OGS.
9	Graduation; arrange for cap and gown.	▶	For more information, contact the University Bookstore.

[Introduction to Economics Courses from current catalog, page 395]

**Department of Economics**  
**econweb.tamu.edu**

**Head:** T. J. Gronberg; **PhD Advisor:** M. Hoekstra; **MS Advisor:** L. Gan

Graduate study in economics leads to the degrees of Master of Science and Doctor of Philosophy. The graduate program develops theoretical and quantitative skills and analyzes a broad range of contemporary policy issues in order to prepare students for careers in teaching, research, business and government.

Both MS and PhD degrees are offered. It is not necessary to have a master's degree before beginning a doctoral program. To enter the doctoral program in economics, the student should present undergraduate credits in economics, although an undergraduate major in economics is not necessary. Additional preparation should include work in mathematics and statistics. The department has no foreign language requirement for a graduate degree in economics.

**Master of Science (MS) in Economics** students have the option to enroll in a strictly non-thesis Master of Science with a concentration in financial economics or financial econometrics. This 36 semester credit hour non-thesis option concentration is a terminal, professional science master's degree designed to prepare students for immediate jobs in applied economic, econometric and statistical analysis in the private, public and non-profit sectors. Advisory committees for students in the concentration consist of only one advisor, either the program director, or another member of the graduate faculty from the economics department agreed upon by both the program director and the student. Also, students in the concentration are not required to apply for and pass a final comprehensive examination.

**Master of Science Degree in Economics**  
Degree Evaluation (from HOWDY)

**Time Limits:** All requirements for the degree must be completed within seven consecutive years.

**Degree Plan:** Thesis and non-thesis options are offered. Thesis option: A minimum 32 hrs is required. Non-thesis option: A minimum 36 hrs is required. Both options require a minimum GPR of 3.000 and no grade lower than C. Students designate after their first semester whether they are choosing the thesis or non-thesis option, and, if they are enrolled in the non-thesis concentration, which track within the degree they are pursuing, economics or econometrics. They are then responsible for completing all of the core courses for their declared track.

**Course Limitations:** Courses exceeding limits below will not be considered for meeting degree requirements.

1. Only approved courses on the degree plan will be considered for this program.
2. No more than 12 hrs or one-third of the total hours on the degree plan, whichever is greater, may be used. Transfer course work must be completed at an accredited institution with a grade of B or better.
3. No more than 12 hrs taken in a non-degree seeking (G6) classification may be used.
4. No more than 2 hrs of 681 (Seminar) may be used.
5. No more than 9 hrs of advanced undergraduate courses (300-499) may be used.
6. Specific Thesis Option Limitations:
  - a. No more than 12 hrs may be used in any combination of the following categories:
    - i. Not more than 8 hrs in the combination of 691 (Research) or 684 (Professional Internship) may be used.
    - ii. Not more than 8 hrs of 685 (Directed Studies) may be used.
    - iii. Not more than 3 hrs of 690 (Theory of Research) may be used.
    - iv. Not more than 3 hrs of 695 (Frontiers in Research) may be used.
7. Specific Non-Thesis Option Limitations:
  - a. No more than 25 percent of the total degree plan hours may be used in any combination of the following categories:
    - i. Not more than 4 hrs of 684 (Professional Internship) may be used.
    - ii. Not more than 8 hrs of 685 (Directed Studies) may be used.
    - iii. Not more than 3 hrs of 690 (Theory of Research) may be used.
    - iv. Not more than 3 hrs of 695 (Frontiers in Research) may be used.
  - b. No credit hours of 691 (Research) may be used.
8. No correspondence study may be used.
9. No credit hours of extension course work may be used.
10. No credit hours of FREN 601 or GERM 603 may be used.

**Advisory Committee:** The Advisory Committee consists of at least three members of the Graduate Faculty, one of which must be from outside the student's major department. For non-thesis students in the concentration in financial economics or financial econometrics the committee will consist of the Program Director or another member of the graduate faculty from the department agreed upon by both the Program Director and the student.

**Residence Requirement:** During one semester or 2 consecutive 5-week summer terms, 9 hrs of resident credit must be completed.

**Final Examination:** A final comprehensive examination is required of both thesis and non-thesis options, unless the student is in the non-thesis concentration. The request to hold and announce the final exam must be submitted to the Office of Graduate and Professional Studies a minimum of 10 working days in advance of the scheduled date. The final examination may be written and/or oral. Thesis option students may waive the final exam with a 3.500 degree plan GPR and permission of the Advisory Committee, Department Head and the Office of Graduate and Professional Studies. Non-thesis concentration students are not required to pass a final oral examination.

**Thesis:** A research proposal and a Thesis is required of students pursuing the thesis option.



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## MASTER OF SCIENCE IN ECONOMICS

WITH A CONCENTRATION IN FINANCIAL ECONOMICS OR ECONOMETRICS

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### ECON 612 – MONEY, BANKING, AND FINANCIAL MARKETS Spring, 2014

**Class Time:** TBA  
**Location:** TBA

**Instructor:** Dr. Anastasia Zervou  
Email: azervou@econmail.tamu.edu  
Office Phone: 979-845-7309

The best way to contact me is by email. Please type "Econ 612" in the subject line. Also, please sign your email with your first and last name.  
Office: Allen 3094  
Office Hours: TBA

**Teaching Assistant:** TBA

**Class Website:**

#### Description of Course

During the course we will attempt to understand the role that financial markets play in the business world in which you will be working in the near future. We will also focus on understanding the underlying institutions that help financial markets function well, and review the links between the financial system and the economy. This is a lecture course, but you will be also working in groups, discussing current events, writing and presenting case studies. A background in mathematics and statistics will help in the course.

**Prerequisites:** Graduate level; must be enrolled in the Department of Economics' master's program or approval of director of master's program.

**Required Text:** *Money, Banking and Financial Markets, Second Edition*, by Laurence Ball, Worth Publishers.

**Other Readings:** *Asset Pricing*, by John H. Cochrane, Princeton University Press.

Additional readings will be assigned during class.

## Learning Objectives

By the end of this course, students should:

- Be able to identify and describe the components of financial and monetary systems.
- Understand thoroughly how asset prices and interest rates emerge from financial market activity.
- Understand the structure of the private banking industry, as well as the application of economic policies by central banks to foster economic stability and growth.
- Understand the effects of monetary policy on asset prices and interest rates.
- Have improved their analytical and presentation skills.

## Course Outline:

### Part I:

Week 1: Introduction: The financial and monetary systems

### Part II:

Week 2: Computer Lab: Example on asset pricing with data Eviews

Week 3: Asset prices & interest rates

Week 4: Capital asset pricing and other models

Week 5: Efficient Markets: Ch5 and Bodie Ch 8.

### Part III:

Week 6: Banking: Foundations

Week 7: Banking

Week 8: Exam

### Part IV:

Week 9: Central Banks

Week 10: Policies on Economic Stability

Week 11: Financial Crisis

Week 12: Effects of Monetary Policy

Week 13: Monetary Policy and Asset Prices

Week 14: Exam

## Evaluation and Grading:

For your evaluation, you need to complete all assignments, exams, essays and presentations. If unable to do so for reasons specified at the University regulations website (<http://student-rules.tamu.edu>), please notify me as soon as possible, by sending me an email with a signed document attached, specifying the reason of your absence. Make-up homework, essays, presentations and exams can be arranged only for University excused reasons.

<b>Grading Scheme:</b>	15%	Homework
	30%	Exam 1: October **
	30%	Exam 2: November **8
	20%	Presentation/Essay
	5%	Feedback on other people's work

**Grading Scale:** A = 90-100; B = 80-89; C = 70-79; D = 60-69; F = <60

**Homework:** We will be having homework assignments, all receiving the same weight towards your grade. Homework is posted and is due electronically through elearning. Late homework receives zero credit, except with a University excused absence.

**Exams:** We have two exams, both receiving the same weight towards your grade.

**Presentation/Essay:** You will be randomly assigned into groups to work on a topic assigned to you. Each group needs to make a 30 minute presentation and write an academic essay of 6-8 pages. The essay is due electronically two weeks after the presentation, together with a questionnaire that I will distribute at an earlier time.

**Feedback:** You are required to ask questions and write a (no more than) one page summary on the presentation of other teams.

**Time, Location:** Class takes place every \*\*\*\*\*. We start on the \*\*\*\* of August and finish on the \*\*\*\* of November. You are expected to attend all classes, exams, and presentations, and return all homework assignments and essays. If you are unable to fulfill any of these responsibilities for reasons specified at the University regulations website (<http://student-rules.tamu.edu>), please notify me as soon as possible, To notify me, send me an email with a signed document specifying the reason of your absence attached to the email.

### **Academic Dishonesty**

The Aggie Honor Code is: *“An Aggie does not lie, cheat, or steal or tolerate those who do.”* Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to uphold the Honor Code, to accept responsibility for learning, and to follow the philosophy and rules of the Honor System. Students will be required to state their commitment on examinations, research papers, and other academic work. Ignorance of the rules does not exclude any member of the TAMU community from the requirements or the processes of the Honor System.

Your responsibilities with regard to scholastic dishonesty are described in detail in various Texas A&M University policy statements on scholastic dishonesty. Scholastic dishonesty may result in failure on the examination, project, or course. For additional information please visit: [www.tamu.edu/aggiehonor/](http://www.tamu.edu/aggiehonor/)

### **ADA Statement**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Department of Student Life, Services for Students with Disabilities, in Cain Hall or call 845-1637.