

FIN 599 MS Finance  
Comprehensive Exam  
Fall 2021  
Date: Oct., 29, 2021  
Starts 10 am and ends 1 pm

You must register for the MS in Finance Comprehensive Exam (FIN 599) via contacting Ms. Penny Dodd from [penny.dodd@tamuc.edu](mailto:penny.dodd@tamuc.edu) at least 1 MONTH before the scheduled exam date. **This is an online exam and will be held on October 29, 2021. The exam will have a starting time of 10 AM and an ending time of 1.00 PM, U.S. Central Time.** Once you start the exam, you will have 3 hours to complete 60 questions. Registration information is available on the FIN 599-course shell in D2L. After the comp exam is completed, the Finance faculty will decide on the scores. You will be notified by email whether you received a passing or failing grade from the advisor of the MS Finance Program. To pass the comprehensive exam, you will need to make a score of 80% or better. **If you register for the exam and do not take it, it will be counted as an attempt unless you contact both Ms. Penny Dodd ([Penny.Dodd@tamuc.edu](mailto:Penny.Dodd@tamuc.edu)) and Dr. Sri Nippani by email ([Sri.Nippani@tamuc.edu](mailto:Sri.Nippani@tamuc.edu)) before October 22, 2021.**

OVERVIEW

The comprehensive exam is designed to assure that our MS in Finance graduates have an acceptable level of competence in the major functional areas of finance. Successfully passing this exam is required to receive your master's degree in finance. You will either receive a score of a pass or fail. We DO NOT announce the actual score you received or information on which questions were missed. The exam is given three times a year, fall, spring, and once in the summer session. Students are generally allowed one retake. A third attempt requires approval by the Accounting and Finance Department and the Dean of the Graduate School.

The test format is multiple choice, consisting of 60 questions in total from the following four courses. A list of suggested topics from each course is provided below:

- FIN 504 – Financial Management
- FIN 510 – Investment Seminar
- FIN 571 – International Business Finance
- Ethics – Study material should be given in FIN 510 (it is also available online under FIN 599 in content in D2L and through Dr. Sri Nippani)

SUGGESTED STUDY TOPICS

FIN 504

1. Goal of a corporation and the agency problem
2. Financial statements and ratio analysis
3. Free cash-flows
4. Sources of financing
5. Time value of money analysis, including annuities and perpetuities (with different time frames including monthly, semi-annual and yearly payments)

6. Bond characteristics, valuation, ratings, and risk
7. Common stock characteristics and valuation (including the constant growth model)
8. Risk and return, including the Capital Asset Pricing Model
9. Capital budgeting analysis and the cost of capital (WACC, etc.)

#### FIN 510

1. Statistical measures of a portfolio such as mean, standard deviation, and Sharpe ratio (including CAL and SML)
2. Concept of diversification and the role of correlation coefficients
3. Performance measures for funds
4. Capital Asset Pricing Model (CAPM) concepts and applications
5. Portfolio variance and return concepts
6. The efficient market hypothesis
7. Behavioral aspects of investing and market anomalies
8. Technical analysis concepts
9. Factor models (Fama-French 3-factor and 4-factor models)
10. Margin Trading (including long and short margins, margin call price calculations, etc.)
11. Options (concepts of put and call options as well as the calculation of payouts)
12. The difference between hedging and speculation

#### FIN 571

1. Goals of the multinational corporation
2. The role of international financial markets in global commerce
3. The architecture of foreign exchange markets
4. Arbitrage and Interest Rate Parity
5. Purchasing Power Parity and the International Fisher Effect
6. The nature of foreign exchange exposure
7. Risk management of foreign exchange exposure - Transaction, Economic, and Translation
8. Direct foreign investment
9. Country risk analysis
10. Multinational capital structure and cost of capital

#### ETHICS

1. You are responsible for the first 9 pages of the CFA Ethics handbook excluding contents, preface, etc. (Titled “Standards of Practice Handbook: See Course content)

#### **OTHER IMPORTANT TEST RELATED INFORMATION:**

There are NO additional study materials offered including any “sample

questions". The exam questions are very similar to the ones you saw during the semester when you were taking the courses listed above.

You will not be allowed to use: MS Office products (including excel, word, etc.), the internet, You can use: the Texas Instruments BAII Plus Financial calculator and your textbooks/notes. Also, the exam is 3 hours. Please prepare accordingly. There are absolutely no make-ups for the attempt you take. If you are logged out of D2L, no makeup will be given and the exam is counted as an attempt.

Academic Misconduct: Cheating will not be tolerated in this class. If I catch someone cheating, I will deal with that under the policies of the Texas A&M University-Commerce. **While you can use a calculator and textbook on the exam, you should not take the help of any other person. You cannot use any other material other than the topics mentioned above from your textbooks and class notes. I will give an "F" grade to any student who cheats or encourages cheating and will do my best to get them expelled from the University.**

An Important Note:

Tenets of Common Behavior statement: All students enrolled at the university shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. (See current Student Guidebook);

**Students with Disabilities:**

Students with Disabilities information: 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 have a disability requiring an accommodation, please contact: Office of Student Disability Resources and Services, Gee Library, Room 162  
(903) 886-5150 or (903) 886-5835 phone (903) 468-8148 fax  
Email: Rebecca.Tuerk@tamuc.edu

**Nondiscrimination Statement**

Nondiscrimination notice: A&M–Commerce will comply in the classroom, and in online courses, with all federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

**Campus Concealed Carry**

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas License to Carry a Handgun. Qualified

law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations. For a list of locations, please refer to ((<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>) and/or consult your event organizer). Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

#### **Important Information about Counseling Center**

**The Counseling Center at A&M-Commerce, located in the Halladay Building, Room 203, offers counseling services, educational programming, and connection to community resources for students. Students have 24/7 access to the Counseling Center's crisis assessment services by calling 903-886-5145. For more information regarding Counseling Center events and confidential services, please visit [www.tamuc.edu/counsel](http://www.tamuc.edu/counsel)**