

## Brothers, Sheila C

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**From:** Schroeder, Margaret <m.mohr@uky.edu>  
**Sent:** Thursday, April 02, 2015 5:25 PM  
**To:** Brothers, Sheila C; Hippisley, Andrew R  
**Subject:** MS in Finance

### Proposed New MS: Finance

This is a recommendation that the University Senate approve, for submission to the Board of Trustees, the establishment of a new MS: Finance, in the Department of Finance and Quantitative Methods within the Gatton College of Business and Economics.

There were no changes to the proposal.

Best-

Margaret

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Margaret J. Mohr-Schroeder, PhD | Associate Professor of Mathematics Education | [STEM PLUS Program Co-Chair](#)  
| [Department of STEM Education](#) | [University of Kentucky](#) | [www.margaretmohrschroeder.com](http://www.margaretmohrschroeder.com)



**NEW MASTERS DEGREE PROGRAM FORM**  
 (Attach completed "Application to Classify Proposed Program"<sup>1</sup>)

**GENERAL INFORMATION**

College:	Gatton College	Department:	Finance & Quantitative Methods
Major Name:		Degree Title:	Master of Science in Finance
Formal Option(s):		Specialty Fields w/in Formal Option:	
Date of Contact with Associate Provost for Academic Administration <sup>1</sup> :			
Bulletin (yr & pgs):	CIP Code <sup>1</sup> :	52.0801	Today's Date:
8/19/2014			
Accrediting Agency (if applicable): AACSB			
Requested Effective Date:	<input type="checkbox"/> Semester following approval.	OR	<input checked="" type="checkbox"/> Specific Date <sup>2</sup> :
Fall 2016			
Dept. Contact Person:	Dr. Brad Jordan	Phone:	257-4887
		Email:	bjordan@uky.edu

**CHANGE(S) IN PROGRAM REQUIREMENTS**

1.	Number of transfer credits allowed	6 hours
(Maximum is Graduate School limit of 9 hours or 25% of course work)		
2.	Residence requirement (if applicable)	N/A
3.	Language(s) and/or skill(s) required	Per Graduate School requirements
4.	Termination criteria	
5.	Plan A Degree Plan requirements <sup>3</sup> (thesis)	
6.	Plan B Degree Plan requirements <sup>3</sup> (non-thesis)	The 30-hour curriculum consists of ten courses, nine of which currently exist in the UK course catalog (FIN 630 does not yet exist, but is being prepared). There are eight finance courses, an economics course, and an accounting course. The finance courses will be taught in-load by newly hired faculty. The economics and accounting courses will be taught using UK faculty on an overload basis.
7.	Distribution of course levels required	9 courses at 600-level 1 course at 400G-level
(At least one-half must be at 600+ level & two-thirds must be in organized courses.)		
8.	Required courses (if applicable)	FIN 600, Corporate Financial Policy FIN 650 Investments ECO 491G Applied Econometrics ACC 621 Understanding Financial Statements FIN 645 Corporate Investment and Financing Policy FIN 691-1 Investments Practicum, Part I

<sup>1</sup> Prior to filling out this form, you MUST contact the Associate Provost for Academic Administration (APAA). If you do not know the CIP code, the APAA can provide you with that during the contact.

<sup>2</sup> Programs are typically made effective for the semester following approval. No changes will be made effective until all approvals are received.

<sup>3</sup> If there is only one plan for the degree, plans involving a thesis (or the equivalent in studio work, etc.) should be discussed under Plan A and those not involving a thesis should be discussed under Plan B.

## NEW MASTERS DEGREE PROGRAM FORM

FIN 623 International Financial Management  
FIN 630 Financial Modeling and Analysis  
FIN 695 Topics in Finance  
FIN 691-2 Investments Practicum, Part II

9. Required distribution of courses within program (if applicable)

N/A

10. Final examination requirements

N/A

11. Explain whether the proposed new program (as described in numbers 1 through 10) involve courses offered by another department/program. Routing Signature Log must include approval by faculty of additional department(s).

Economics (3 hours); Accounting (3 hours); Approved on April 25, 2014

12. What is the rationale for the proposed new program?

See attached

# NEW MASTERS DEGREE PROGRAM FORM

## Signature Routing Log

**General Information:**

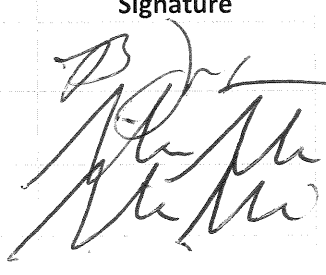
Program Name: Master of Science in Finance

Proposal Contact Person Name: Dr. Brad Jordan Phone: 257-4887 Email: bjordan@uky.edu

**INSTRUCTIONS:**

Identify the groups or individuals reviewing the proposal; note the date of approval; offer a contact person for each entry; and obtain signature of person authorized to report approval.

**Internal College Approvals and Course Cross-listing Approvals:**

Reviewing Group	Date Approved	Contact Person (name/phone/email)	Signature
Dept. of Finance & Quantitative Methods	4/15/14	Brad Jordan / 257-4887 / bjordan@uky.edu	
Graduate Studies Committee	4/18/14	Steven Skinner / 257-1543 / steve.skinner@uky.edu	
Gatton Faculty	4/25/14	Steven Skinner / 257-1543 / steve.skinner@uky.edu	
		/ /	
		/ /	

**External-to-College Approvals:**

Council	Date Approved	Signature	Approval of Revision <sup>4</sup>
Undergraduate Council			
Graduate Council	10/24/14	<i>Roshan Nikou</i>	
Health Care Colleges Council			
Senate Council Approval		University Senate Approval	

Comments:

<sup>4</sup> Councils use this space to indicate approval of revisions made subsequent to that council's approval, if deemed necessary by the revising council.  
Rev 8/09

# **Master of Science in Finance**

Program proposal

Department of Finance and Quantitative Methods  
Gatton College of Business and Economics  
University Of Kentucky

## Master of Science in Finance

### 1. Background

There is increasing domestic demand for specialized professional master's programs in business and economics such as the Master of Science in Finance (MSF). Further, Gatton's emerging Chinese partnerships coupled with the recent implementation of a \$5 million student-managed investment fund (SMIF) creates an opportunity to offer professional training in finance for both domestic and international students. The addition of the SMIF enhances the attractiveness of the MSF to all audiences, including employers.

Consistent with the emerging University strategy, the Gatton College is committed to developing self-sustaining professional master's degree programs that generate a surplus, which is then used to support doctoral programs, faculty research, and undergraduate programs. The proposed MSF degree would have significant impact:

- Increased University and Gatton College resources.
- Provide additional opportunities for Kentucky students to obtain valuable skills in finance, especially from the SMIF experience. *Note that there is no MSF program currently available at a Kentucky public university.*
- Leverage emerging 2+2 programs with Chinese universities to 2+2+1 programs.
- Provide an opportunity for undergraduate Accounting students to obtain a master's degree and finance training from their final 30 credit hours.

### 2. Program type

MSF programs generally fall into three categories. The first type is a traditional graduate MS program that is offered in conjunction with a PhD program. This type has a research focus, and students in these programs will often apply to PhD programs. The second type, often termed a Master of Science in Quantitative Finance (or similar), is aimed at students with substantial background in quantitative methods who are seeking technical training in derivative asset valuation and related topics. These students generally seek employment as programmer/analysts in the investment banking industry. The third type is aimed primarily at students who are working, or are planning to work, in the finance and banking industries (or at government agencies overseeing these industries). As such, this type is an alternative to an MBA with a finance concentration. Compared to a typical MBA, this type of MSF places greater emphasis on quantitative analysis. It also has little or no coursework in marketing and management and, of course, substantially more finance coursework. In addition, MBA programs generally look for students with significant work experience. In contrast, this type of MSF program is well suited for students who have just completed their undergraduate degree programs.

Based on an evaluation of the three types of MSF program, along with an analysis of faculty strengths at UK, this proposal recommends that the Gatton College consider offering the third type described above. In light of our existing PhD program, and the MS in Economics, the first type of MSF described above would serve no real purpose. The second type requires relatively specialized faculty in mathematical and computational finance, plus our geographic

location (away from major financial centers and markets) is less than ideal for such a program. The third type is feasible, and it offers the potential to generate significant revenue for the College and the Department.

### **3. Program length**

This proposal recommends a 30-hour, non-thesis program. The proposed program consists of an 8-week summer session followed by the regular fall and winter semesters for a total of 10 months. The relatively short program length is consistent with an intensive finance focus and also helps to distinguish the MSF from a more traditional two-year MBA. The program length may also be appealing from a financial standpoint for finance professionals and international students. Starting the program in the summer allows students to get critical, intensive background courses before the start of the regular academic year and also allows them to graduate at the most opportune time from an employment perspective.

### **4. Target audience and outcomes**

As discussed above, the program is aimed at both domestic and international students, including Chinese students at universities with which Gatton is working to build relationships. The proposed curriculum has a quantitative focus, but it is not calculus-based. As such, students from a wide variety of backgrounds would be eligible. Financial assistance will be available for exceptionally qualified candidates, particularly for in-state students.

Students with MSF degrees are highly desired in the finance-specialized industries, particularly investment banking and asset management (e.g., mutual fund companies). They are also sought after by corporate treasury departments. In either case, the career opportunities are substantial. The jobs are intellectually stimulating and generally high-paying. For employers, younger students with an MSF are often an excellent value proposition. From the start, MSF graduates have strong, focused training in finance, particularly on the quantitative modeling side. In fact, most MSF graduates additionally have undergraduate degrees in accounting, economics, or finance, so they have spent years studying finance and/or related disciplines.

### **5. Admissions**

Students applying for admission will be evaluated primarily on standardized test scores (GMAT or GRE; either will be accepted) and undergraduate grades and major. The TOEFL will be required for non-native English-speakers who do not have a degree from an accredited U.S. university, though this requirement may be waived based on an interview or other considerations. Work experience is not required. We anticipate offering automatic admission based on a formula that considers GMAT/GRE, TOEFL (where applicable), and GPA, but reserve the right to make exceptions on a case-by-case basis. Further, there are no specific course pre-reqs other than college-level math and introductory statistics. However, as mentioned above, we expect that most accepted applicants will have undergraduate degrees in accounting, economics, or finance.

## 6. Curriculum

The 30-hour curriculum consists of ten courses, nine of which currently exist in the UK course catalog (FIN 630 does not yet exist, but is being prepared). There are eight finance courses, an economics course, and an accounting course. The finance courses will be taught in-load by newly hired faculty. The economics and accounting courses will be taught using UK faculty on an overload basis. The proposed sequencing is as follows:

<i>Summer 8-week:</i>	
<b>Course</b>	<b>Description</b>
FIN 600*	Corporate financial policy
FIN 650*	Investments

<i>Fall semester:</i>	
<b>Course</b>	<b>Description</b>
ECO 491G	Applied econometrics
ACC 621	Understanding financial statements
FIN 645	Corporate investment and financing policy
FIN 691-1	Investments practicum, part I

<i>Winter semester:</i>	
<b>Course</b>	<b>Description</b>
FIN 623	International financial management
FIN 630	Financial modeling and analysis
FIN 695	Topics in finance
FIN 691-2	Investments practicum, part II

\*Transfer credit for FIN 600 and FIN 650 will be allowed. These courses will be offered online only for MSF students, so MSF students do not need to arrive before fall semester.

## 7. Distinctive features

The proposed MSF program has several distinctive features designed to appeal to both domestic and international students:

- FIN 691-1 and FIN 691-2 are, taken together, a year-long course in hands-on equity portfolio management. Students in the class will make all investment decisions on a real-money portfolio worth in excess of \$1 million. This feature appears to be unique among existing MSF programs and will have strong appeal to potential students interested in careers in asset management. The class will make use of our new building's state-of-the-art Investment Management Learning Center (IMLC).
- FIN 630, Financial modeling and analysis, will also use the IMLC and will focus on both corporate finance and investments applications. A key focus of the course is developing professional-level modeling skills using Excel and other, more advanced, business tools.



- Significant accounting issues existing throughout the developed and developing world, so ACC 621, Understanding financial statements, provides students with the necessary background to, among other things, help detect suspect statement information.

## **8. Enrichment activities and placement services**

The MSF program will have several enrichment activities. First, in conjunction with the year-long student managed investment fund (SMIF) program, we will have a speaker series. We will host prominent portfolio managers to speak and meet with students to discuss investing processes and philosophies. In conjunction with this series, we will have a series of “stock pitch” competitions. In these competitions, teams of students present their investing ideas and supporting research to judging panels made up of industry professionals, including the guest speaker.

In a similar vein, we will also arrange a field experience, most likely to New York, with the aim of putting students together with successful career finance professionals in a variety of areas. We will also arrange visits to and programs at local and regional companies such as PNC, 5/3, Toyota, and Proctor & Gamble.

MSF students often plan on sitting for the Chartered Financial Analyst (CFA) exams. The CFA designation is the best-recognized and most prestigious credential for industry professionals, particularly those working in asset management. We have faculty who hold the CFA charter, and we are a designated CFA-recognized department. We will provide assistance in the form of study materials and help sessions for students wishing to prepare for the exam. A limited number of scholarships to defray the cost of the exam may also be available.

All MSF students will have access to our Graham Office of Career Management. There they will receive advice and assistance with job search. Further, at least some MSF students decide to seek PhDs in Finance. We have considerable experience (and success) helping students in applying to U.S.-based PhD programs and will be available to advise students on appropriate programs and provide letters of recommendation and other assistance.

## **9. Business plan**

The MSF would launch in FY16 with 20 students, growing to a steady state of 40 in FY18. The program will be priced based on national and international benchmarks and, as with other professional degree programs, there will be a significant market-based differential tuition. We anticipate a pricing structure that is similar to that of our Gatton Accelerated One-Year MBA program.

## **10. Program administration and staffing**

The MSF program will be offered by the Department of Finance and Quantitative Methods, which will be responsible for program administration. A department faculty member will be named as program administrator and will be responsible for day-to-day operations of the program, including all student advising. The program administrator will work with the

department head regarding the scheduling and staffing of courses. Course will be taught by Gatton faculty using a mixture of in-load and overload assignments as needed.

#### **11. Program governance**

Governance of the MSF program will mirror governance of the College's other masters programs, such as the MSE (economics) and MSAcc (accounting). Thus, any significant changes in the program will go through our usual procedures, meaning that they must first be approved by the department, then the College's graduate studies committee, and then College faculty as a whole. Standard University policies will be followed throughout.

#### **12. Program approval process**

The proposed MSF degree program, as outlined in this document, was separately approved by Department, the College's graduate studies committee, and College faculty as a whole in the Spring semester of AY 2013-14. In each case, approval was unanimous.



Gatton  
COLLEGE OF BUSINESS & ECONOMICS  
UNIVERSITY OF KENTUCKY



August 13, 2014

Brad Jordan, Chair  
Finance Department  
Gatton College of Business & Economics  
University of Kentucky  
Lexington, KY 40506-3221

Dear Dr. Jordan,

Over the past year I have served as the Executive Director of International Affairs for the Gatton College of Business and Economics. During this time, the Gatton College has developed partnerships with top-ranked Chinese universities to facilitate high-quality international student recruitment. From this experience, I believe that there is a strong demand for a MSF program such as the one proposed by the Finance Department.

To date, we have signed five 2+2 agreements with Chinese universities and have a possibility of several more. In 2+2 agreements, students complete two years of their education at their home school and then transfer to UK to complete their undergraduate degree. Several of the schools, unsolicited, have expressed interest in sending students to our MS programs by either extending the 2+2 program to include a third year (2+2+1), by having their graduates apply directly, or by both mechanisms. This summer, a visiting delegation from Jilin University Business School indicated that a 2+2+1 program, would help to attract even more students to the 2+2 program with the possibility of earning a BSA and MS. They were particularly impressed by the upcoming Gatton finance lab where students managed real-money portfolios.

There is a strong demand for the MSF in China. The Gatton College, with the help of the China office, currently has relationships that enable us to recruit top-ranked students to the MSF. The MSF will be a high-quality addition to the Gatton portfolio of attractive MS programs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nancy Brown Johnson'.

Nancy Brown Johnson  
Associate Professor &  
Executive Director of International Affairs