In order to earn a Masters of Science in Finance, all students must pass a comprehensive exam. The exam is administered in accordance with the following University Procedure:


The exam will be administered through eCollege in FIN 599, a zero credit course. Students will be registered for the course upon applying for graduation or by emailing the Graduate Coordinator, Sarah Elder (Sarah.Elder@tamuc.edu) if you are taking it before graduation. Note: it is important to apply for graduation close to the opening date to ensure you receive all the information in a timely manner.

For specific questions that are not covered in this document, students can contact the faculty advisor for the M.S. in Finance program – Dr. Al Gormus (al.gormus@tamuc.edu).

First Attempt

The exam covers the material presented in FIN 504, FIN 510, FIN 512, FIN 571 and contains an ethics component. The exam questions are written by the faculty members who teach these courses. A list of suggested topics for each course is as follows:

**FIN 504**
1. Goal of a corporation and the agency problem
2. Financial statement and ratio analysis
3. Constant percent of sales approach
4. Net working capital strategies
5. Sources of short-term financing
6. Time value of money analysis, including annuities and perpetuities
7. Bond characteristics, valuation, ratings, and risk
8. Common stock characteristics and valuation
9. Risk and return, including the Capital Asset Pricing Model
10. Capital budgeting analysis and the cost of capital

**FIN 510**
1. Statistical measures of a portfolio such as mean, standard deviation, and Sharpe ratio
2. Concept of diversification and the role of correlation coefficients
3. Performance measures for mutual funds
4. Capital Asset Pricing Model (CAPM) concepts and applications
5. Index Models and the Arbitrage Pricing Theory
6. The efficient market hypothesis
7. Behavioral aspects of investing and market anomalies
8. Asset allocation strategies
9. Factor models
10. Fixed income investing

FIN 512
1. The meaning of a derivative security
2. The difference between hedging and speculation
3. Put-call parity
4. Differences between an options to buy and an option to sell
5. Various options strategies for portfolio management
6. Basic principles of futures and forward contracts
7. Differences between futures and forwards
8. Arbitrage strategies using futures in various markets
9. The role of derivative instruments for risk management

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

Please note: Since the exam is administered mid-semester, the Department of Economics and Finance highly recommends (but does not require) students to take the comprehensive exam after completing all of the major courses as listed above.

The exam contains 60 multiple choice questions and will be administered in eCollege on a specific day assigned by the department. This exam will also be proctored online and specific instructions related to the proctoring will be provided later by the department. Students will have 3 hours to complete the exam. The clock starts once the exam is opened and will continue running even if the exam is closed.

Grading Procedure

The exam will be graded by a panel of faculty members. Students will be assigned a “pass” of “fail” grade. The passing threshold is 70%.

Pass the First Attempt

If the student passes the exam, the Department of Economics and Finance will submit the appropriate paperwork to the Graduate School such as a requirement for graduation.

Do Not Pass the First Attempt

If the student does not pass the exam, the Department of Economics and Finance will submit paperwork to the Graduate School indicating such. Students will generally be allowed a second attempt as scheduled by the department.
Pass the Second Attempt

If the student passes the exam, Department of Economics and Finance will submit the appropriate paperwork to the Graduate School indicating such as a requirement for graduation.

Do Not Pass the Second Attempt

If the student does not pass the exam on the second attempt, the Department of Economics and Finance will submit paperwork to the Graduate School indicating such. At the discretion of the department head and the dean of graduate studies, students may be offered a third and final attempt to take the comprehensive exam. Please note that if the exam is not passed on the third attempt, the Masters of Science in Finance degree from Texas A&M University – Commerce cannot be awarded.