

Finance homework essay



**ASSIGN
BUSTER**

Chapter 1 1. The U. S. financial system is composed of (1) policy makers (2) a monetary system (3) financial institutions and (4) financial markets.

Indicate which of these components is associated with each of the following roles: A. Accumulate and lend/invest savings (3) B. Create and transfer money (2) C. Pass laws and set fiscal and monetary policies (1) D. Market and facilitate transfer of financial assets (4) 2. Financial markets may be categorized as (1) debt securities markets, (2) equity securities markets (3) derivative securities markets and (4) foreign exchange markets.

Indicate in which of these markets the following securities trade: A. Residential mortgages (1) B. Corporate bonds (3) C. Corporate stocks (2) D. Currencies (4) 3. In business ethical dilemmas or situations occur frequently. Laws and regulations exist to define what unethical behavior is. However the practicing of high quality ethical behavior often goes beyond just meeting laws and regulations. Indicate how you would respond to the following situations. a.

Your boss had just told you that tomorrow the Federal Drug Administration will announce its approval of your firm's marketing of a new breakthrough drug. As a result of this information you are considering purchasing shares of stock in your firm this afternoon. What would you do? I would not purchase stock because it is unethical to get information from an inside the company. This will be an advantage to seeking personal gain through the inappropriate of non public information or abusing my position in the company and should be purchase only after it is know to the public.

This is called insider trading. This is a direct potential violation of federal securities laws. b. In the past your firm has been in compliance with regulatory standards relating to product safety. However you have heard through the company grapevine that recently some of your firm's products have failed resulting in injuries to customers. You are considering quitting your job due to personal moral concerns. What would you do? I would not quit my job at that moment.

First I would try to investigate in this situation to make sure that the gossip is right. I would gather as much information to see what is going on and why the company consider not being compliance with regulatory standards. So if this is the case, I would make a complaint to the headquarters to make sure that they know that their products are being sent out defected and also it is injuring customer. This is not a good look for a company who wants their customers to come back.