

ECO 464H1/ECO 2511H1
Empirical Financial Economics
Fall Term 2014
F 1-3, room to be assigned
NO CLASS ON SEPTEMBER 12

Instructor: Peter Cziraki
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Office: Max Gluskin House 222
Office hours: W 3-4 and by appointment
No office hours on November 12

Course Description

The course covers cutting-edge research papers in finance with the aim of showing students the neatest, most interesting pieces of empirical work that define our current knowledge of the field. The course has two goals. First, to equip students with the tools required to conduct empirical research in finance. Second, to present the most recent empirical facts in various areas of finance. Accordingly, in each lecture we will study both an empirical method, some examples of how it is applied in one field of finance, and the state of the empirical literature in that field.

Evaluation

There are three evaluation components:

- A take-home test (30%)
 - o Distributed online on Sunday, October 12, 2014
 - o Due at 1PM on Friday, October 17, 2014
- An assignment (30%).
 - o Due date: 1PM on Friday, November 14
- A final exam (40%)
 - o The exam is cumulative
 - o Time and venue will be announced on Blackboard

General Policies

No class during the first week of term

There will be no class on Friday, September 12.

Appeals

If you appeal to re-grade one of the midterm or exam questions, I will re-grade the entire midterm/exam. Note that this may (and in the past usually has) lead to a lower overall grade. Your complaint has to be in writing and you must give a detailed outline as to why and where you think that the assessment is inaccurate.

Not handing in the assignment

If you anticipate that you may miss the deadline for the assignment, you should contact me immediately. Late assignments carry a penalty of 10% per hour.

Practice Questions

In most sets of lecture slides I will include some practice questions. I will also post past exams on Blackboard. Neither of these will have accompanying solutions. Please contact me during office hours if you have questions about how to solve practice questions or questions from past exams. No further practice questions will be provided.

Plagiarism

Plagiarism is a severe academic offense.

By submitting your assignment you certify that you have read and understood the university's policies on plagiarism. Please also consult the university's website on academic writing: <http://www.writing.utoronto.ca/advice/using-sources/how-not-to-plagiarize>.

If I detect plagiarism, I will go through the standard process for academic misconduct.

Contact

For questions about the class material, please come to my office hours.

E-mails and the discussion board on the portal should be used only for questions regarding logistics and organization of the course. If your question is of general interest, please post it on the discussion board. I will try to answer e-mails and posts on the discussion board by the end of the next business day. E-mail queries about class material that require lengthy answers will receive the following answer: "Please see me during my office hours." When sending an e-mail please use your University of Toronto e-mail address. Also, please mention the course code, "ECO464" or "ECO2511" in the subject line of your message.

Acceptable Medical Notes

- The only accepted note is a fully completed University of Toronto Medical Certificate. You can find a copy of the form here: <http://www.illnessverification.utoronto.ca/>
- It must be **original** and completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional).
- The doctor's OHIP registration number must be provided on the note.
- If you miss an exam or midterm, the note must clearly state that on the date of exam or midterm, the student was too sick to write the test. Illness before the test is not sufficient grounds for missing the test. Nor will I accept notes that indicate that the student would have performed "sub-optimally".

Teaching Assistant

The teaching assistant (TA) for the course is Shiny Zhang – shiny.zhang@mail.utoronto.ca. She is responsible for grading take-home exams and assignments. She will hold office hours after the take-home exam is graded to address any questions regarding the grading. An announcement will be made on the portal to inform you of the time and venue of such office hours.

Course Outline and Readings

The complete outline and list of readings will be posted on Blackboard during the first week of the course.

*Planned coverage*Topics in finance

- 1) Managerial equity ownership
- 2) Mergers and acquisitions
- 3) Capital structure
- 4) Insider trading
- 5) Shareholder activism
- 6) Ownership structure
- 7) Managers and firm performance

Methods

- a) OLS – a review
- b) Cumulative abnormal returns and alternatives
- c) IV
- d) Differences-in-differences
- e) Regression discontinuity
- f) Selection models
- g) Treatment models