

Syllabus ECO359H1F-2022: Financial Economics II

Course Description This course covers advanced topics in corporate finance, including, investment, optimal capital structure, option pricing. The course provides both theoretical treatment of the topics as well as applications to recent events and case studies. To excel in the class, students should be good in both solving math-based questions as well as applying theories to discuss practical problems.

Teaching Team Instructor: Anton Tsoy, PhD, Assistant Professor at the Department of Economics, University of Toronto.

TAs: Jiayuan Pan; Junshan Zheng.

Piazza Discussion Board This should be the first place to turn to for discussion of the material and logistics. If you have a question, most likely someone in the class also has a similar question and it's better to discuss it in the public forum. We will use Piazza as a Q&A forum during class. TAs and I will regularly look and contribute to Piazza (once in two business days). Please keep the discussion and answers civil (we can see your names), and only related to course content. The sign-up link is <https://piazza.com/utoronto.ca/winter2023/eco359h1s>

Class Email Address The dedicated email address for this class is eco359@utoronto.ca. Please use this email only in special circumstances when posting on Piazza is not suitable. TAs and I will regularly check this email address, but please give us two business days to respond.

Important: All emails sent via Quercus or to personal email addresses of TAs or professor will be ignored! Use only your UTOR e-mail account (the "utoronto" account). E-mails from other accounts may not reach us and your e-mail address helps us identify you. If there is no response after 5 business days, please re-send your message to remind me or the TA.

Tentative Class Schedule See also <https://artsci.calendar.utoronto.ca/sessional-dates>

Date	Topic
Jan. 10	CAPM revisited
Jan. 17	Capital Budgeting
Jan. 24	Cost of Capital
Jan. 31	Capital Structure
Assignment 1, Due: Feb. 7 before the lecture	
Feb. 7	Default Costs and Taxes
Feb. 14	In-class Midterm
Feb 20-24: Reading Week (No Classes)	
Feb. 28	Market Frictions
Mar. 87	Option Techniques
Assignment 2, Due: Mar. 14 before the lecture	
Mar. 14	Risk Management
Mar. 21	Liquidity Management
Mar. 28	Payout Policy
Assignment 3, Due: Apr. 4 before the lecture	
Apr. 4	Review
Final Exam	

Prerequisites ECO358 is a prerequisite for this class. You yourself are responsible to check and make sure that you have fulfilled all requirements set by the University of Toronto to participate in this course. See for the appropriate prerequisites: <https://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

Professor and TA Office Hours To be announced after the first week on Quercus.

Course Materials “Corporate Finance” by Jonathan Berk, Peter DeMarzo and David Stangeland, 5th Canadian edition, Pearson. You can use older/newer versions or the American version (at your own risk). I will not provide an overview of differences between versions. This is the same textbook as you used in ECO358.

Grading and Exams

- Midterm: 34 points
- Final assessment: 45 points
- Three assignments: 7 points each (21 points in total)

Your final grade will be determined based on the number of points that you get, not the percentage of the maximum. The grade will be determined according to the University of Toronto grade scale (<https://governingcouncil.utoronto.ca/practices-policy-university-assessment-and-january-1-2020>).

Missed tests There is no makeup possibility for the missed midterm: if you do miss it, then your final assessment will account for 79 points. There is no need to provide a medical certificate for missing the midterm and points will be recomputed automatically. Procedures for missing the final assessment will be announced later.

Appealing your grade Appeals of a test score should be discussed with the TA who graded the question. Disagreement with the marking means that an error might have been made – for instance, the marker failed to consider a part of your answer. Conversely, suggesting that you believe you deserved a higher grade is not a valid reason for a re-grade. To appeal, use the re-grade request form on Quercus. You must submit your appeal after one week (5 business day), but no later than two weeks (10 business days) after the exams are distributed. In your appeal, you must identify the questions that you believe were marked incorrectly and provide an explanation as to why you believe you deserve additional marks. Please note that for tests all questions may be remarked – not only the question that you appealed. As a result, your grade for the test can be higher, the same, or lower.

Practice Material Last year’s midterm and final exam will be posted on Quercus. There are plenty of practice questions in the book, although they might be less relevant for this course.

Resources and ATS Students with diverse backgrounds, perspectives, learning styles and needs are welcome in this course. We want to create a welcoming inclusive environment. If you see ways do better, help us improve with your suggestions. If you need help achieving academic success in this course, please reach out.

For accessibility services/accommodation, please see: <http://www.studentlife.utoronto.ca/as> Resources to help you at the UofT are listed at: <https://www.studentlife.utoronto.ca/asc> For course-related issues, please get in touch with me and your College Registrar. For longer-run issues or issues outside our course please contact your College Registrar.

Note: students who typically write tests with Accommodating Testing Services (ATS) might experience that the move online is different and that wait and response times might be long. If you have an accommodation to receive more writing time for tests, please send your ATS form to eco359@utoronto.ca. We will make sure you get the accommodation that is needed.

Recommendation Letters I often get requests of students who ask me to write a letter of recommendation for them. I will talk about applications to Masters/PhD programs in one of the classes as well as the process of requesting a recommendation letter.

Academic integrity Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of the degree towards which you are all working so diligently. According to Section B of the University of Toronto’s Code of Behaviour on Academic Matters <https://www.academicintegrity.utoronto.ca>, which all students are expected to know and respect, it is an offence for students:

- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes showing another student completed work (e.g., an answer on a test).
- To falsify or alter any documentation required by the University. This, includes, but is not limited to doctor’s notes.
- To use or possess an unauthorized aid in any test or exam (e.g., a cell phone).

- To continue writing when the time is up in any test or exam.
- To submit a medical note to get out of a test when the student is not actually sick.

There are other offenses covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect. For useful tips for avoiding academic misconduct, please visit the website of the Office of Student Academic Integrity at <https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>.

Plagiarism We will use Ouriginal for plagiarism detection in assignments. Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).