



# Rotman Commerce UNIVERSITY OF TORONTO

## Course Outline

**RSM230H1F**

**Financial Markets**

**Fall 2018**

**Don Brean, Professor of Finance and Economics**

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<b>Sections</b>	L0301	Tuesday	9 am - 11 am	LA 341
	L0101	Tuesday	12 pm - 2 pm	WO35
	L0201	Tuesday	4 pm - 6pm	WO25

	<b>Instructor</b>	<b>Email*</b>	<b>Office</b>	<b>Office Hours**</b>
<b>Instructor Contact Info</b>	Don Brean	brean@rotman.utoronto.ca	RT443	TBD
	<i>*Please to include "RSM230" at the beginning of the email subject line. **To schedule an appointment outside of the noted office hours, please send an e-mail in advance to instructor. It would also be helpful to note what you would like to discuss.</i>			
<b>Head TA Contact Info</b>	Keith Yuen (kaiho.yuen@utoronto.ca) <i>please remember to include "RSM230" at the beginning of the email subject line</i> <b>Note:</b> The Head TA should be your first point of contact for course content or administrative matters.			

## Course Scope and Mission

This course is an introduction to financial securities and financial markets. We will discuss the nature of stock (equities), bonds, and other financial securities. We will discuss the structure and function of financial markets, financial institutions and market participants, as well as some tools for market analysis. While the main context is the Canadian market, we will also discuss markets in a global context. The objective of the course is to provide students with basic knowledge required to understand the nature of financial securities and markets and to be able to speak intelligently about current financial issues.

The course will include key material covered in the Canadian Securities Course (CSC) which is required of almost anyone working in the financial markets in Canada. Students interested in exploring the requirements for the CFA designation should contact the Rotman Commerce Portal.

## Course Website

<http://portal.utoronto.ca>

## Course Co-requisites

RSM100H1/RSM100Y1/MGT100H1

## Required Textbooks

Laurence Booth, Sean Cleary and Ian Rakita, Introduction to Corporate Finance with WileyPLUS, 4<sup>th</sup> edition, John Wiley, 2016. This textbook will likely also be used RSM332 and RSM333.

**Recommended:** A Random Walk Down Wall Street by Burton Malkiel. Please read financial newspapers regularly, such as the Globe and Mail and the Financial Post.

## EVALUATION AND GRADES

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

Assignment	Weight	Date(s)
Individual Essays	10%	See deliverables schedule (last page)
Online Homework	10%	See deliverables schedule (last page)
Group Cases	15%	See deliverables schedule (last page)
Midterm Test	25%	Tuesday, Oct 23, 6:00pm*
Final Examination	40%	During Final Examination period

\*The conflict midterm will be held on Tuesday, Oct 16, 8:00pm.

### Individual Essays

You are required to write two short essays related to financial news items. The purpose is to develop your ability to analyze financial topics and to communicate your ideas clearly in written form. Details for the individual essays will be posted on the course website.

### Online Homework

Homework problem-sets are accessed through your WileyPLUS account on Blackboard. **Homework will be accessible 10 days before the due date.** Homework must be completed individually and may consist of different types of questions (e.g., multiple choice, short-answer).

There will be two marked problem sets to complete over the term, as well as unmarked/optional weekly problem-sets starting in week 2.

### Group Cases

Group work is very important in business. There will be two group assignments. You will be assigned to a group by the Rotman Commerce Office. You are expected to work well with your group, and all members are expected to fully participate in each assignment. Details for the group cases will be posted on the course website.

### Midterm Examination

The midterm examination for all sections will be held on Tuesday, October 23 at 6:00pm. Additional information will be posted on the course website. The Midterm Examination will cover material from Classes 1 to 5. **If you have a conflict with this test, please email the Head TA a copy of your ROSI timetable by 3<sup>rd</sup> class so we can make alternative arrangements.**

### Aids Allowed (Midterm)

You are allowed one double-sided letter-size (8.5" x 11") page of notes. You may use a non-programmable hand-held calculator.

### Final Examination

The final examination will be held during the formal examination period. The date and time of the final examination will be announced by the Faculty of Arts and Science. It will be three hours in duration and may consist of multiple choice questions, short answer questions, problems, and/or a case. It will cover material from the entire course.

### Aids Allowed (Final Exam)

You are allowed one double-sided letter-size (8.5" x 11") page of notes in the exam. You may use a non-programmable hand-held calculator.

## **COURSE FORMAT AND EXPECTATIONS**

### **Turnitin.com:**

Normally students will be required to submit their course essays to Turnitin.com (or similar service) 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 Turnitin.com (or similar service) reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the university's use of the Turnitin.com service are described on the Turnitin.com website.

### **For Written Assignments:**

Please note that clear, concise, and correct writing will be considered in the evaluation of Written Assignments. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre ([www.asc.utoronto.ca](http://www.asc.utoronto.ca)) or one of the College Writing Centres ([www.writing.utoronto.ca/writing-centres](http://www.writing.utoronto.ca/writing-centres)). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

### **Course assignment requires students to work in teams**

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students; to work well in teams, it helps to follow a set of core expectations to best succeed at your team projects.

1. Read the document entitled, "Working in Teams: Guidelines for Rotman Commerce Students" which is available on the RC portal under the Academic Services tab.
2. When working in a team, Rotman Commerce students are expected to:
  - Treat other members with courtesy and respect;
  - Honour the ground rules established by the team;
  - Contribute substantially and proportionally to the final project;
  - Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
  - Meet the project timeline as established by the team

### 3. Resolving conflicts:

Conflicts are part of the team's process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach\*\* as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

\*\*For an appointment with a Rotman Commerce Team Coach, please contact Nouman Ashraf at [nouman.ashraf@rotman.utoronto.ca](mailto:nouman.ashraf@rotman.utoronto.ca) Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

## **POLICY AND PROCEDURE**

### **Missed Tests and Assignments (including midterm examinations)**

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

**Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.**

Students who follow the above procedures may have his or her individual marks reallocated to the final exam. Group assignment(s) will need to be discussed with the course instructor on a case by case basis. If you fail to provide the required documentation, you will be assigned a mark of zero. There will be no make-up tests or assignments. **A mark of zero will be recorded for any assignment submitted after solutions are released or after the assignment is discussed in class.**

### **Late Assignments**

All assignments are due on the date specified in the course outline or posted on the course site, unless otherwise announced in class and posted on Blackboard. Late submissions will normally be penalized by 20% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day. A mark of zero will be recorded for any assignment submitted after the solutions have been released or after the assignment was discussed in any section of the class.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

### **Accessibility Needs**

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or <http://www.studentlife.utoronto.ca/as>.

### **Academic Integrity**

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

#### *The University of Toronto's Code of Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

### **Email**

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

### **Quercus and the Course Page**

The online course page for this course is accessed through Quercus. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at <http://www.portalinfo.utoronto.ca/content/information-students> and review the Frequently Asked Questions.

### **Recording Lectures**

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

### **Saving Paper in Courses**

"Each year at U of T, an estimated 10 million sheets of paper are used in the printing of lecture slides, tests, assignments, and other course materials in 1st and 2nd year courses alone" (Sustainability Office, University of Toronto). Please do your part in helping to conserve paper in this (and all other) courses. Consider the following ideas:

- Avoid printing electronic documents – get used to working with them from digital format (you will need to do this in your professional careers);
- Make your own notes in electronic documents (e.g. MS Word, MS Excel, Google Docs, etc);
- If you are printing, make sure you select double-sided printing (available at all libraries);
- Take leadership and share your concerns and ideas with all of us so we can improve our practices.

## RSM230 – Fall 2018 Tentative Weekly Schedule\*

Class	Week of	Topic	Readings	Deliverables due
1	Sept. 11	Introduction to Financial Markets	BCR: 1 (skim BCR: 2)	
2	Sept. 18	Present Value	BCR: 5, 14.1, 13.2 ( <i>only NPV/IRR in 13.2</i> )	
3	Sept. 25	Financial Data	Yahoo Finance	Oct 2 (11:59pm): Individual essay
4	Oct. 2	Equities	BCR: 7.1, 7.2, 7.3 ( <i>only until page 232</i> )	Oct 8 (11:59 pm): Group project
5	Oct. 9	Bond Markets	BCR: 6.1, 6.2, 18.5	Oct 16 (11:59pm): Online problems (class 1-5 content)
6	Oct. 16	Portfolios	BCR: 8.1, 8.2	
7	Oct. 23	<b>Midterm Exam Tuesday, October 23 6:00pm to 8:00pm</b>		
8	Oct. 30	Derivatives	BCR: 12.1, 12.2	
	Nov. 06	<b>November 5 – 9 No Classes (Reading Week)</b>		
9	Nov. 13	Bank of Canada	Readings to be distributed	
10	Nov. 20	Money Markets	BCR: 18.1,18.2, 18.3	Nov 20 (11:59pm): Group project
11	Nov. 27	Canadian Banking	Readings to be distributed	Nov 27 (11:59pm): Individual essay
12	Dec. 04	Investment Funds	Readings to be distributed	Dec 7 (11:59pm): Online problems (class 7-11 content)

\*Subject to revision. Topics may be changed or adjusted depending on classroom discussion. Deliverables and due dates may be modified. Last day to drop course without academy penalty is Monday Nov. 5, 2018.