



THE UNIVERSITY OF TEXAS AT ARLINGTON
College of Business
Finance 6311-001 Seminar in Theory of Corporate Finance
Spring Semester 2016

Class Timing: Tuesday 2:00 p.m. to 4:50 p.m., Room COB 253
Professor: Salil K. Sarkar Ph.D., CFA
Office: 624 Business Building
Office Phone: 817 272 3836
Office Hours: 1:00 p.m. to 2:00 p.m. Tuesday and by appointment
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I. COURSE OBJECTIVE AND DESCRIPTION

This is a study of corporate finance theory at the doctoral level. This literature can be divided into several sections such as, agency costs, market efficiency, asset valuation, options theory, capital budgeting, capital structure, and dividend policy. Any student passing this course should have an in depth knowledge of the corporate finance literature.

II. CLASS CONDUCT

Student preparation and participation forms an integral part of this course. All students should come fully prepared with the study material scheduled for a class meeting. During student presentations, a lively discussion of the topic is expected through intelligent class participation.

CAUTION - A NOTE ON PLAGIARISM: To plagiarize is to claim originality to work or idea belonging to somebody else. Any reference to external source either verbatim or paraphrased must be appropriately cited. Please familiarize yourself with definitions and examples of plagiarism as applicable at UTA by visiting the appropriate websites. Any form of plagiarism may lead to a failing grade in class in addition to other penalties, as the instructor may deem fit.

Walk Rule: If the instructor is late by more than 15 minutes, please leave the class quietly.

For further details and additional information, please refer to the enclosed syllabus addendum.

III. COURSE TEXTS

Course Text

Financial Theory and Corporate Policy, by Copeland, Weston and Shastri, Fourth Edition;

Assigned articles.

Bloomberg Business Week: Participate in online course resources program arranged by COBA

Financial Calculator: *Texas Instruments™ BA II Plus*, *Texas Instruments™ BA II Plus Professional* or equivalent. I will demonstrate the use of *Texas Instruments™ BA II Plus*. This is my personal preference. Please feel free to use a different brand or model if you are confident with using it as long as it is at least functionally equivalent to *Texas Instruments™ BA II Plus* and does not have programming or mass storage capability. Use of iPhone™, iPad™ or similar device in a financial calculator emulation mode is not allowed.

IV. GRADING

Grades will be based on your performance on two in class exams, term paper, class presentation and class participation using the following weighting;

Mid-term exam	20%
Term Paper	20%
Class Presentation	10%
Class Participation	10%
Final Examination	40%
Total	100%

Please note that the final exam will be comprehensive in nature. There is no provision for makeup or extra points. The instructor may take into consideration student inputs regarding peer presentations.

V. KEY DATES

First day of class:	January 19, 2016
Census date:	February 03, 2016
Spring Break	March 14 to March 19, 2016
Last day of class:	May 6, 2016
Final Exam for FINA 6311:	May 10, 2016; 2:00 pm to 4:30 pm

Please note the University Policy regarding drops as stated in the *Graduate Catalog*.

VI. TERM PROJECT

The term project should be original work of the individual student deserving the **quality of a doctoral level seminar class**. Please note that it should be **a new independent project exclusively dedicated for FINA 6311 and not a continuation of some other project that the student might have worked on in the past or would like to add-on to an unfinished project already turned in another class**. Either way, each student is encouraged to discuss the project with the instructor as early as possible so as to meet the stated deadlines.

While the electronic copy could be mailed before the start of class, the hard copy of the outline is to be handed in at the **beginning of class on February 23, 2016**. The completed papers for all students (electronic copy and hard copy) are due at the **beginning of class on April 5, 2016**. Each student will be required to **present his/her term paper to the class as assigned by the instructor**. Please proofread your paper thoroughly to eliminate common mistakes. Please make a copy for yourself before turning in. The copies of outline, as well as completed papers turned in to the instructor will not be returned to the student. Please turn in **both** hard copies and electronic copies of the outline and the paper before their respective deadlines.

Please note that this is a nice opportunity to get acquainted with the wealth of resources at UTA. In addition to having access to most of the leading journals and professional publications in Finance and Real Estate, UTA students also have access to WRDS databases. The students are expected to use these facilities and develop an **academically rich document** as their term project. Students are also encouraged to pursue working on the term paper along with the help of the instructor even after the submission deadline to achieve the ultimate goal of publication in a high quality peer reviewed academic journal that distinguishes the students from other candidates in their respective career paths. Depending on future publication potential, which will vary from case to case, the instructor may provide additional feedback on further improving the quality of the paper after the close of the semester.

VII. COURSE OUTLINE

Class Date	Material
Jan 19	Hand out syllabus, course introduction and discuss term projects;
Jan 26	Chapter 13, The Role of the CFO, Performance Measurement, and Incentive. Jensen, Michael C. and William H. Meckling, 1976, Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, <i>Journal of Financial Economics</i> 3 (4), 305-360. Jensen, Michael C., 2005, Agency Costs of Overvalued Equity, <i>Financial Management</i> 34, 5-19.
Feb 2	Chapter 14, Valuation and Tax Policy. Black, Fischer, 1976, The dividend puzzle, <i>Journal of Portfolio Management</i> 2, 5-8. Fuller, Russell J. and Chi C. Hsia, 1984, A Simplified Common Stock Valuation Model, <i>Financial Analysts Journal</i> 40 (5), 49-56.
Feb 9	Chapter 15, Capital Structure and the Cost of Capital. Altman, Edward I., 1984, A Further Empirical Investigation of the Bankruptcy Cost Question, <i>Journal of Finance</i> 39 (4), 1067-1089. Frank, Murray Z. and Vidhan K. Goyal, 2009, Capital Structure Decisions: Which Factors Are Reliably Important?, <i>Financial Management</i> 38 (1), 1-37.
Feb 16	Chapter 16, Dividend Policy: Theory and Empirical Evidence. Easterbrook, Frank H., 1984, Two Agency-Cost Explanations of Dividends, <i>American Economic Review</i> 74 (4), 650-659. Miller, Merton H. and Myron S. Scholes, 1982, Dividends and Taxes: Some Empirical Evidence, <i>Journal of Political Economy</i> 90 (6), 1118-1141.
Feb 23	Chapter 17, Applied Issues in Corporate Finance. Term Paper Proposals Due Ang, James and Pamela P. Peterson, 1984, The Leasing Puzzle, <i>Journal of Finance</i> 39 (4), 1055-1065. Berkman, Henk and Michael E. Bradbury, 1996, Empirical Evidence on the Corporate use of Derivatives, <i>Financial Management</i> 25 (2), 5-13.

Mar 1 Mid Term Exam: Tuesday, March 1

Please remember to bring Answer Books, Calculator, and Graph Drawing tools

Mar 8 Chapter 18, Acquisitions, Divestitures, Restructuring, and Corporate Governance.

Agrawal, Anup, Jeffrey. F. Jaffe, and Gershon N. Mandelker, 1992, The Post-Merger Performance of Acquiring Firms: A Re-examination of an Anomaly, *Journal of Finance* 47 (4), 1605-1621.

Rajan, Raghuram, Henri Servaes, and Luigi Zingales, 2000, The Cost of Diversity: The Diversification Discount and Inefficient Investment, *Journal of Finance* 55 (1), 35-80.

Mar 15 Spring Break**Mar 22 Chapter 19, International Financial Management.**

Mahajan, Arvind and Semih Tartaroglu, 2008, Equity Market Timing and Capital Structure: International Evidence, *Journal of Banking and Finance* 32 (5), 754-766.

Brown, Gregory G., 2001, Managing Foreign Exchange Risk with Derivatives, *Journal of Financial Economics* 60 (2-3), 401-448.

Mar 29 Chapter 20, Unsolved Issues, Undiscovered Territory, and the Future of Finance.

DeAngelo, Harry and Richard Roll, 2015, How Stable Are Corporate Capital Structures? *Journal of Finance*, 70 (1), 373-418

Miller, Merton, 1986, Behavioral Rationality in Finance: The Case of Dividends, *Journal of Business*, 59 (4), S451-S468

Apr 5 Term Paper Presentation**Apr 12 Term Paper Presentation****Apr 19 Term Paper Presentation****Apr 26 Term Paper Presentation****May 3 Term Paper Presentation****May 10, 2016, Tuesday 2:00 p.m. to 4:30 p.m. Comprehensive Final Examination**

The dates and topics are tentative and may be changed with notice, as needed. Moreover, additional readings may be assigned during the semester.

University Policies

Academic Integrity: Students enrolled in all UT Arlington courses are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington's tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code as they see fit in their courses, including (but not limited to) having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System *Regents' Rule* 50101, §2.2, suspected violations of university's standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with University policy, which may result in the student's suspension or expulsion from the University.

Drop Policy: Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/aao/fao/>).

Disability Accommodations: UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including *The Americans with Disabilities Act (ADA)*, *The Americans with Disabilities Amendments Act (ADAAA)*, and *Section 504 of the Rehabilitation Act*. All instructors at UT Arlington are required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the **Office for Students with Disabilities (OSD)**. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

The Office for Students with Disabilities, (OSD) www.uta.edu/disability or calling 817-272-3364.
Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671.

Only those students who have officially documented a need for an accommodation will have their request honored. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability or by calling the Office for Students with Disabilities at (817) 272-3364.

Title IX: The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit uta.edu/eos. For information regarding Title IX, visit www.uta.edu/titleIX.

Attendance: At The University of Texas at Arlington, taking attendance is not required. Rather, each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance. As the instructor of this section I reserve the right to take attendance every class period including mid-term and final exam dates, or at random, depending on time availability as well as the educational needs of the students enrolled in this section.

Student Support Services: UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>

Electronic Communication: UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

Student Feedback Survey: At the end of each term, students enrolled in classes categorized as "lecture," "seminar," or "laboratory" shall be directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student's feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

Final Review Week: A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week *unless specified in the class syllabus*. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Emergency Exit Procedures: Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit, which is located to the left, as you step out from the classroom into the hallway. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist handicapped individuals with disabilities.

<http://www.uta.edu/police/EvacuationProcedures.pdf>

Emergency Phone Numbers: In case of an on-campus emergency, call the UT Arlington Police Department at **817-272-3003** (non-campus phone), **2-3003** (campus phone). You may also dial 911. Non-emergency number 817-272-3381