



THE UNIVERSITY OF TEXAS AT ARLINGTON

College of Business

Finance 6301-001 Seminar in Theory of Finance

Fall Semester 2017

Class Timing: 2:00-4:50 pm Thursday Room 138 Business Building

Professor: Dr. Salil K. Sarkar

Office: 624 Business Building

Phone: 817 272 3705

Office Hours: Thursday from 12:30 pm to 1:30 pm and by appointment

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Faculty Profile: [Salil K Sarkar | Explore University Of Texas at Arlington](#)

I. COURSE DESCRIPTION AND OBJECTIVE

Advanced theory of finance dealing with models under certainty and uncertainty, focusing on accumulation and allocation of wealth, theory of choice to the allocation of financial resources over time, extension of model to durable commodities, production and corporations, and the concepts of risk, return and market equilibrium.

Student Learning Outcomes:

- Inspire students to appreciate the foundations of finance.
- Enhance oral, written, presentation as well as interpersonal skills of the students.
- Ample opportunity to present and discuss their own in-depth analysis of financial concepts.

II. CLASS CONDUCT

Student preparation and participation forms an integral part of this course. All students should come fully prepared with the material scheduled for a meeting. In addition to the students scheduled to lead the discussions on a particular day, others may be “cold-called” to participate. If for any reason a student comes to class unprepared, the student is obligated to inform the instructor BEFORE THE CLASS BEGINS. There is a participation penalty for not preparing but failure to inform the instructor before class results in three times the damage.

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 should be cited appropriately. Ignorance of rules and guidelines is not a valid excuse.

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

ADA: If you have a disability that requires special accommodation, please see me in the privacy of my office.

Bomb Threat: College of Business Policy on bomb threats will be followed.

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

III. REQUIRED MATERIAL

Required Course Text

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

Assigned articles.

Required Tool

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™, Pixel™ or similar device, be it a smartphone, tablet or laptop or a programmable calculator is not allowed on exams.

IV. GRADING

Grades will be based on your performance on a mid term exam, a cumulative final exam, an individual term project, and class participation using the following weighting;

Mid term exam	30%
Cumulative final exam	40%
Individual term project	20%
Class Participation	10%
Total	100%

The class grades will be awarded as per the following points:

A:	90 and above
B:	80 - 89
C:	70 - 79
D:	60 - 69
F:	below 60.

There are no provisions for makeup or extra points. In the event of an absence from an exam due to extreme circumstances, greater weight will be placed on the final exam, with proper written documentation from UTA official or a medical doctor, supporting the absence along with the approval of the instructor. In case, a student needs to know the final exam score or class grade before they are posted, a self-addressed stamped envelope should be handed to the proctor on the day of final exam at the beginning of the test. Alternately, one could wait to learn the class grade when published on MyMav.

V. KEY DATES

First day of class:	August 24
Census date:	September 11
Last day of classes for semester	December 6

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**. The student is encouraged to discuss the project with the instructor as early as possible. While the electronic copy could be mailed before the start of class, the hard copy of the outline of the term project is to be handed in at the **beginning of class on September 21, 2017**. The completed papers for all students (electronic copy and hard copy) are due at the **beginning of class on October 26, 2017**. Each student will be required to **present his/her term paper to the class either on November 2, 9, 16, 30, 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 you 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, we also have access to WARDS databases. The students are strongly encouraged to use these facilities and develop an **academically rich document** as their term project. Each student is encouraged to pursue working on the term paper along with the help of the instructor even after the submission date to achieve the ultimate goal of publication in a peer reviewed academic journal.

VII. COURSE OUTLINE

Date	Material
Aug 24	Handout syllabus, course introduction and discuss term projects;
Aug 31	Consumption and Investments without capital markets and with capital markets; Writing Tips for Ph.D. Students, John H. Cochrane, University of Chicago, Chicago, Illinois Old Wine in New Bottle, Milton Friedman, <i>The Economic Journal</i> , January 1991
Sep 7	Investment Decisions: The Certainty Case Capital Ideas: From the past to the Future, Peter Bernstein, <i>Financial Analysts Journal</i> , Nov-Dec 2005. How Are the Mighty Fallen: Rejected Classic Articles by Leading Economists, Joshua Gans and George Shepherd, <i>The Journal of Economic Perspectives</i> , Winter 1994.
Sep 14	The Theory of Choice: Utility Theory Given Uncertainty Financial Markets and the allocation of capital, Jeffrey Wurgler, <i>Journal of Financial Economics</i> (58) 2000, pp 187-214 pp 187-214 Financial markets, financial dependence, and the allocation of capital, <i>Journal of Banking and Finance</i> May 2009, 810-818

Sep 21	Term paper outline due beginning of class; State Preference Theory The Presidential Puzzle: Political Cycles and the Stock Market, Pedro Santa-Clara and Rossen Valkanov, <i>The Journal of Finance</i> , October 2003. Financial Statement Analysis and the Prediction of Stock Returns, <i>Journal of Accounting and Economics</i> , 11, 1989 pp 295 to 329
Sep 28	Mid-term exam
Oct 5	Objects of Choice: Mean-Variance Portfolio Theory, Modern portfolio theory, 1950 to date, Edwin J. Elton and Martin J. Gruber, <i>Journal of Banking and Finance</i> , 21, 1997 pp 1743-1759. Hedge Funds and the Collapse of Long Term Capital Management, Franklin Edwards, <i>Journal of Economic Perspectives</i> , Spring 1999
Oct 12	Market Equilibrium: CAPM and APT The Cross Section of Expected Stock Returns, Fama and French, <i>The Journal of Finance</i> , June 1992. On Persistence of Mutual Fund Performance, Mark Carhart, <i>The Journal of Finance</i> , March 1997.
Oct 19	Behavioral Finance Prospect Theory: An Analysis of Decision under Risk, Daniel Kahneman and Amos Tversky, <i>Econometrica</i> , March 1979, Volume 47, Number 2 From Efficient Markets Theory to Behavioral Finance, Robert Schiller, <i>Journal of Economic Perspective</i> 2003 Behavioral Finance: Past Battles and Future Engagements, Mier Statman, <i>Financial Analysts Journal</i> , November/December 1999, Volume 55, Number 6.
Oct 26	Term paper due beginning of class; Presentation of Individual Term Projects
Nov 2	Presentation of Individual Term Projects
Nov 9	Presentation of Individual Term Projects
Nov 16	Presentation of Individual Term Projects
Nov 30	Presentation of Individual Term Projects
Dec 14	Cumulative Final Exam 2:00 pm to 4:30 pm

As the instructor for this course, I reserve the right to adjust this schedule in any way that serves the educational needs of the students enrolled in this course. – Salil K. Sarkar

Academic Integrity: Students enrolled 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://wwwb.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.

Non-Discrimination Policy: 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.

Title IX Policy: The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. *For information regarding Title IX, visit www.uta.edu/titleIX or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.*

Attendance: At The University of Texas at Arlington, taking attendance is not required but attendance is a critical indicator in student success. 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, [insert your attendance policy and/or expectations, e.g. “I will take attendance sporadically” or “I have established the following attendance policy: ...”] However, while UT Arlington does not require instructors to take attendance in their courses, the U.S. Department of Education requires that the University have a mechanism in place to mark when Federal Student Aid recipients “begin attendance in a course.” UT Arlington instructors will report when students begin attendance in a course as part of the final grading process. Specifically, when assigning a student a grade of F, faculty report the last date a student attended their class based on evidence such as a test, participation in a class project or presentation, or an engagement online via Blackboard. This date is reported to the Department of Education for federal financial aid recipients.

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>.

Campus Carry: Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not

allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>

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: for semester-long courses, 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