

**FINA 5510.001**  
Fall, 2020  
**Online Section**

Mazhar A. Siddiqi  
BLB 312B, 565-3052  
Mazhar.siddiqi@unt.edu  
Office hours by appointment,  
Via Zoom. (No office hours  
during finals week).

Course Title: Theory of Finance

Required Text: Financial Theory and Corporate Policy by Copeland, Weston and Shastri, 4<sup>th</sup> ed.

Course Prerequisites:

Prerequisites include FINA 5310 or equivalent, a basic understanding of calculus, matrix algebra, and micro economics.

Course Description:

The primary area of study is valuation and corporate financial policy. We start with a look at the use of utility theory and state preference theory for valuation and portfolio selection. We then look at the risk-return tradeoffs in portfolio selection. These are then used to develop market equilibrium models such as the CAPM and the APT. Finally, we look at the pricing of options and futures contracts.

Course Objectives:

The central objective of the course is to build a foundation in the theory of finance. It is recommended for finance MBA and finance MS students who intend to pursue a career that inclines more heavily towards financial valuation and towards corporate financial policy.

Access to Class:

You can access the course material in Canvas at <https://unt.instructure.com/login/canvas>. After you login in using your EUID and password, click on FINA 5510 from the list of courses. If you run into technical problems while using Canvas then please call 940 565 2324 or email [clearhelp@unt.edu](mailto:clearhelp@unt.edu).

### Online Course Structure

A new study unit will be made available on a Wednesday. This will comprise video lectures, PDF (Adobe Acrobat) notes and PDF solutions to homework problems. You will also be referred to the relevant pages in the text. On the following Sunday at 8 A.M. a discussion forum will be opened for posting questions and comments. I will participate in discussion forums to provide guidance and to answer specific questions that you ask me. The discussion forum will close at noon on the following Saturday.

All materials are grouped into modules on Canvas.

Exams will be posted on Canvas. All exams are open book /open notes. **Time limits on exams will be strictly enforced.**

**The open and close times for discussion forums will be strictly observed** but the material in all modules will be posted before the start date and will be there until the end of the course. The time intervals for modules are suggestions. These are still important because staying within the interval will let you participate in, and gain from, the discussions.

For communications not directly related to discussion topics, you may either send me messages through Canvas or send email to mazhar.siddiqi@unt.edu.

### Eagle Connect Account:

All students should activate and regularly check their EagleConnect (e-mail) account. You may obtain information about Eagle Connect at <https://eagleconnect.unt.edu/>.

### Homework:

Homework consists of problems from the text and elsewhere. I do not grade homework. However your success on the exams depends on your ability to do homework problems. I go over most of the homework problems in class.

### Exams:

There are three exams. The first exam is worth 30% of your grade, the second exam is worth 30% of your grade and the final exam is worth 40% of your grade. The final exam is not comprehensive. Please make your travel arrangements carefully as exams are allowed on only the scheduled exam dates and there are no makeup exams.

### Required Equipment for Exams

**A web camera or a laptop with integrated camera is required for all remote exams. It is your responsibility to obtain a properly functioning camera for remote exams. Your test score will be invalid without a functioning camera. All remote exams will be administered through Canvas using Respondus Lockdown Browser with Camera option. Respondus Lockdown browser can be downloaded through your Canvas account.**

## Grades

A, 90 - 100; B, 80 - 89; C, 70 - 79; D, 60 - 69; F, 0 - 59.

Course grades will be available on Canvas.

## Notice for students with disabilities

*The University of North Texas is on record as being committed to both the spirit and letter of federal equal opportunity legislation; reference Public Law 92-112 – The Rehabilitation Act of 1973 as amended. With the passage of new federal legislation entitled Americans with Disabilities Act (ADA), pursuant to section 504 of the Rehabilitation Act, there is renewed focus on providing this population with the same opportunities enjoyed by all citizens.*

As a faculty member, I am required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty of their need for accommodation and in providing authorized documentation through designated administrative channels. Information regarding specific diagnostic criteria and policies for obtaining academic accommodations can be found at <http://www.unt.edu/oda/apply/index.html>. Also, you may visit the Office of Disability Accommodation in the University Union (room 321) or call them at (940) 565-4323. If you need an accommodation, please contact me as soon as possible but at the latest by the second week of class.

## Academic dishonesty

Academic dishonesty is defined in the UNT Policy on Student Standards for Academic Integrity. Any suspected case of Academic Dishonesty will be handled in accordance with University policy and procedures. Possible academic penalties include a grade of "F" in the course. You will find the policy and procedures at <http://vpaa.unt.edu/academic-integrity.htm>

## Student Perceptions of Teaching (SPOT)

The Student Perceptions of Teaching (SPOT) is a requirement for all organized classes at UNT. This short survey will be made available to you at the end of the semester, providing you a chance to comment on how this class is taught. Your comments are an essential input in the process of continuous teaching improvement. So, please participate. The administration of the SPOT will begin a few weeks before the end of the semester and remain open for about two weeks.

### Tentative Course Outline:

This is a tentative outline and changes may be made during the semester.

<u>Time Interval</u>	<u>Module</u>	<u>Topic</u>	<u>Assignments</u>
Wed, Aug 26 to Sat, Aug 29.	<b>Notes-ch 3</b>	Utility Theory	Read ch 3 in text, pp 45-62, 66-69. Study ch 3 notes. Watch lecture 1a and 1b.
Wed, Sep 2 to Sat, Sep 5.	<b>HW-ch 3</b>	Review of chapter 3 homework.	Attempt ch 3 homework. Study ch 3 solutions. Watch lecture 2.
Sun, Aug 30. Sat, Sep 5.	Discussion Forum on Notes-ch 3 and HW-ch 3 opens at 8 A.M. Discussion Forum on Notes-ch 3 and HW-ch 3 closes at Noon.		
Wed, Sep 9 to Sat, Sep 12.	<b>Notes-ch 4</b>	State Preference Theory.	Read ch 4 in text, pp 75-92. Study ch 4 notes. Watch lecture 3a and 3b.
Wed, Sep 16 to Sat, Sep 19.	<b>HW-ch 4</b>	Review of chapter 4 homework.	Attempt ch 4 homework. Study ch 4 solutions. Watch lecture 4.
Sun, Sep 13. Sat, Sep 19.	Discussion Forum on Notes-ch 4 and HW-ch 4 opens at 8 A.M. Discussion Forum on Notes-ch 4 and HW-ch 4 closes at Noon.		
<b>Mon, Sep 21</b>	<b>EXAM 1</b>	<b>Start time 9 A.M.</b>	<b>End time 12 noon.</b>

<u>Time Interval</u>	<u>Module</u>	<u>Topic</u>	<u>Assignments</u>
Wed, Sep 23 to Sat, Sep 26.	<b>Notes-ch 5</b>	Mean-Variance Portfolio Selection.	Read ch 5 in text, pp 101-141. Study ch 5 notes. Watch lecture 5a and 5b.
Wed, Sep 30 to Sat, Oct 3.	<b>HW-ch 5</b>	Review of chapter 5 homework.	Attempt ch 3 homework. Study ch 3 solutions. Watch lecture 6.
Sun, Sep 27.	Discussion Forum on Notes-ch 5 and HW-ch 5 opens at 8 A.M.		
Sat, Oct 3.	Discussion Forum on Notes-ch 5 and HW-ch 5 closes at Noon.		
Wed, Oct 7 to Sat, Oct 10.	<b>Notes-ch 6</b>	CAPM and APT.	Read ch 6 in text, pp 147-161, 176-185. Study ch 6 notes. Watch lecture 7a and 7b.
Wed, Oct 14 to Sat, Oct 17.	<b>HW-ch 6</b>	Review of chapter 6 homework.	Attempt ch 6 homework. Study ch 6 solutions. Watch lecture 8.
Sun, Oct 11.	Discussion Forum on Notes-ch 3 and HW-ch 3 opens at 8 A.M.		
Sat, Oct 17.	Discussion Forum on Notes-ch 3 and HW-ch 3 closes at Noon.		
<b>Mon, Oct 19</b>	<b>EXAM 2</b>	<b>Start time 9 A.M.</b>	<b>End time 12 noon.</b>

<u>Time Interval</u>	<u>Module</u>	<u>Topic</u>	<u>Assignments</u>
Wed, Oct 21 to Sat, Oct 24.	<b>Notes-ch 7</b>	Option Pricing.	Read ch 7 in text, pp 199-209, 217-224, 228-240. Study ch 7 notes. Watch lecture 9a and 9b.
Wed , Oct 28 to Sat, Oct 31.	<b>HW-ch 7</b>	Review of chapter 7 homework.	Attempt ch 7 homework. Study ch 7 solutions. Watch lecture 10.
Sun, Oct 25. Sat, Oct 31.			Discussion Forum on Notes-ch 7 and HW-ch 7 opens at 8 A.M. Discussion Forum on Notes-ch 7 and HW-ch 7 closes at Noon.
Wed, Nov 4 to Sat, Nov 7.	<b>Notes-ch 8</b>	Term Structure, Forward and Futures Contracts.	Read ch 8 in text, pp 259-266. Study ch 8 notes. Watch lecture 11a and 11b.
Wed, Nov 11 to Sat, Nov 14.	<b>HW-ch 8</b>	Review of chapter 8 homework.	Attempt ch 8 homework. Study ch 8 solutions. Watch lecture 12.
Sun, Nov 8. Sat, Nov 14.			Discussion Forum on Notes-ch 8 and HW-ch 8 opens at 8 A.M. Discussion Forum on Notes-ch 8 and HW-ch 8 closes at Noon.

<u>Time Interval</u>	<u>Module</u>	<u>Topic</u>	<u>Assignments</u>
Wed , Nov 18 to Sat, Nov 21.	<b>Notes-ch 9</b>	Pricing Forward and  Future Contracts	Read ch 9 in text, pp 259-266, 273-281, 286-295. Study ch 9 notes. Watch Lecture 13.
Wed, Dec 2 to Sat, Dec 5.	<b>HW-ch 9</b>	Review of chapter 9 homework	Attempt Ch 9 homework. Study ch 9 solutions. Watch Lecture 14.
Sun, Nov 29. Sat, Dec 5.	Discussion Forum on Notes-ch 9 and HW-ch 9 opens at 8 A.M. Discussion Forum on Notes-ch 9 and HW-ch 9 closes at Noon.		
<b>Mon, Dec 7</b>	<b>FINAL EXAM</b>	<b>Start time 9 A.M. End time 12 noon.</b>	