FINN 6203  
Financial Economic Theory  
Spring Semester 2013

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Required Text: Dothan, Michael U., Prices in Financial Markets, Oxford University Press, 2006

As I prepare lectures, I will be consulting the text:


This additional text is not required for the course.

About this Class

This course provides the student with a foundation in asset pricing theory as well as an introduction to empirical asset pricing. Topics include: choice under uncertainty, complete and incomplete markets, valuation of contingent claims, one-period and multi-period market models, capital asset pricing model (CAPM), arbitrage pricing theory, market efficiency and event studies.

Course Objectives

• To understand the foundations of modern asset pricing theory.
• To learn how assets are priced in complete markets.
• To learn how to estimate empirical asset pricing models.
• To learn how to do event studies.

Academic Integrity

UNC Charlotte “Code of Student Academic Integrity” (the Code)

All UNC Charlotte students have the responsibility to be familiar with and to observe the requirements of The UNC Charlotte Code of Student Academic Integrity (see the Catalog). This Code forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Any further specific requirements or permission regarding academic integrity in this course will be stated by the instructor, and are also binding on the students in this course. Students who violate the Code can be punished to the extent of being permanently expelled from UNC Charlotte and having this fact recorded on their official transcripts. The normal penalty is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to "F." If you do not have a copy of the Code, you can obtain one from the Dean of Students Office or access it online at http://www.legal.uncc.edu/policies/ps-105.html. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty they become aware of to the course instructor who is responsible for dealing with them.

Electronic Communications

All students at UNC-Charlotte are assigned a student email account, which is the official means of communication between the University and the student. Although I will certainly respond to you if you use another email system, you should be aware that any class-wide announcements that I send through email will be sent to your UNC-Charlotte ‘49er account. I will also maintain an extensive web-site for this class. This web-site is located at: http://www.belkcollege.uncc.edu/spclark/FINN_6203_home.htm. I will post copies of the problem sets, examples, and miscellaneous material.
Grading Policies

There will be one in-class midterm exam and one in-class cumulative final exam. The midterm will count for 30% of your final grade, and the final will count for 50% of your final grade. The format of the tests will be a mixture of discussion questions and problems. I will also assign short homework sets periodically, which will be graded. Your average score on these problem sets will account for the remaining 20% of your grade.

Grading Scale

The lower bounds for final grades of A, B, C will be no higher than 90, 80, and 70 percent of the total available points, respectively. Grades will be curved if necessary.

Missed Tests

The dates for the midterm and final exam are firm. Make up exams will only be administered if your absence is unavoidable and work-related. You must make me aware of any such planned absences as soon as possible after you learn of them so that an alternative exam time can be set. In the event of absence from an exam due to unanticipated dire circumstances, greater weight will be assigned to the final exam, upon documentation of the reason for absence by a medical doctor or appropriate UNC-Charlotte official. In particular, no make-up provision is available for tests missed to oversleeping, lack of preparation, vacation, social events (including weddings), traffic, etc.

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.