

ECON-304: Financial Instruments & Institutions

Winter 2021

Lectures: Pre-recorded

Instructor: Mathieu Blais, Email: mathieu.t-blais@mcgill.ca

Office hours: Monday and Wednesday 1:05-2:25pm

Teaching Assistant: Tresor De Baril Kaya Ngalihoua, Email: tresor.kayangalihoua@mail.mcgill.ca

Objectives

This course is an introduction to the most common financial instruments used to allocate capital in the economy. You will familiarize yourself with stocks, bonds, loans and options. You will be introduced to the economic institutions which regulate these instruments as well as the markets where they are valued and traded. We will look at corporations, stocks and bonds markets, and central banks.

Course Material

This course follows the textbook, *Corporate Finance, Fourth Canadian Edition* by Jonathan Berk, Peter DeMarzo and David A. Stangeland at Pearson Publishing. It is available as an etext or hard copy. Previous editions are also good but if you purchase a used copy, make sure you also purchase an access code for MyLab. This is mandatory, since you will be required to complete assignments through their online platform. Make sure you use your McGill email address when signing up (and for any correspondence with me and/or Tresor).

Requirements

Prerequisites are ECON 208 and 209. The level of mathematics is mostly limited to high school level algebra, but some knowledge of pre-calculus (basic functions) and basic probability is useful. The concept of time value of money is at the core of this course, so it would be useful to review finite and infinite geometric sums. Arbitrage is also an important concept, so you should make sure you are comfortable dealing with inequalities.

Structure

Since this is a remote course with a large class, it has been my experience that pre-recorded lectures are best as they minimize technical issues. Therefore, lectures will be posted on myCourses every week on Monday and you can watch at your most convenient time during the week. This weekly video lecture will generally not exceed 2 hours.

The downside of pre-recording is the lack of engagement. In order to make up for this, the allotted lecture times will be used for office hours. Coming to office hours is not mandatory but in a remote setting, it is comparatively more valuable than in a traditional course. Therefore, I encourage you to show up often and discuss the material. If more time is needed, I will add extra time slots during the semester.

This course uses problem solving as its main method of evaluation and pedagogical tool. A good strategy for success is to do as many practice problems as you can. Thankfully, the textbook and its online companions provide you with more than enough material for you to succeed.

Evaluation

10 quizzes will be given during the semester. You will have 7 days to complete each of them. Only your 9 best quizzes will count towards your grade. Therefore, if you miss one for any reason (technical or medical), you will not have to justify it. If you miss more than one quiz, you will have to justify all missed quizzes in order to receive special accommodations. A comprehensive final exam will be administered during the exam period. The date is still to be determined.

- MyLab Quizzes: 60%
- Final Exam: 40%

Schedule

Date	Uploaded	Due	Note
Jan 18	Quiz 0		Chap. 1 - The Corporation (Optional)
Jan 22			Add/Drop Deadline
Jan 25	Quiz 1		Chap. 3 - Arbitrage
Feb 1	Quiz 2	Quiz 1	Chap. 4 - Time Value of Money
Feb 8	Quiz 3	Quiz 2	Chap. 5 - Interest Rates
Feb 15	Quiz 4	Quiz 3	Chap. 6 - Bonds
Feb 22	Quiz 5	Quiz 4	Chap. 7 - Stocks
March 1		Quiz 5	Reading Week
March 8	Quiz 6		Chap. 10 - Capital Markets
March 15	Quiz 7	Quiz 6	Chap. 11 - CAPM
March 22	Quiz 8	Quiz 7	Chap 14. - Financial Options
March 29	Quiz 9	Quiz 8	Chap. 17 - Capital Structure
April 5		Quiz 9	Easter
April 12	Quiz 10		Chap. 18 - Debt and Taxes
April 19		Quiz 10	

McGill Policy Statement

Extraordinary Circumstances Statement:

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

Copyright of lectures Statement:

All slides, video recordings, lecture notes, etc. remain the instructors intellectual property. As such, you may use these only for purposes of your own learning (and research, with proper referencing/citation). You are not permitted to disseminate or share these materials; doing so may violate the instructors intellectual property rights and could be cause for disciplinary action.

Lecture/Conference/Seminar Recording Statement:

By enrolling in a remote course, you accept that fixed sessions will be recorded. You must consent to being recorded if you attend a lecture or participate in a component of a course that is being recorded. You will be notified through a pop-up box in Zoom if a lecture or portion of a class is being recorded. If you are not comfortable being in a class that is recorded, you may decide to not take part by logging off Zoom. Students who log off will be able to later watch the video recording in MyCourses.

For pedagogical reasons and for the enrichment of the experience of all students, attendance may be monitored and/or active participation may be expected or required during fixed (synchronous) class time. As such, you may be asked to turn on your camera and audio. If you do not have the necessary resources

(e.g., adequate Internet bandwidth or equipment) to do so, inform your instructor at the beginning of term so appropriate accommodations can be made.

In addition to the recording of your image and voice, your name (or preferred name) may be displayed on screen, and your instructor may call your name during the lecture. As such, this personal information will be disclosed to classmates, whether during the lecture or in viewing the recording. By remaining in classes that are being recorded, you accept that personal information of this kind may be disclosed to others, whether during the lecture or when viewing the recording.

Etiquette Statement:

The University recognizes the importance of maintaining teaching spaces that are respectful and inclusive for all involved. To this end, offensive, violent, or harmful language arising in contexts such as the following may be cause for disciplinary action: 1. Username (use only your legal or preferred name) 2. Visual backgrounds 3. “Chat” boxes To maintain a clear and uninterrupted learning space for all, you should keep your microphone muted throughout your class, unless invited by the instructor to speak. You should follow instructors directions about the use of the chat function on remote learning platforms.