

**Seminar in Finance
Finance and Business Economics
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The objective of this course is to provide an overview of major topics and recent development in corporate finance. The course will cover classic papers and research that represent some of the most frontier developments in the field. The course will prepare student to develop potential research topics in corporate finance.

INSTRUCTOR AND CONTACT INFORMATION

Wednesday: 10:00am-1:00pm
Location: 102A

Dr. Jiaping Qiu
Instructor

qiu@mcmaster.ca

Office: DSB/309

Office Hour: by appointment
Tel: (905) 525-9140 Ext. 23963

Administrative Assistant: Alicja Siek
Office: DSB/303
Tel: (905) 525-9140 Ext. 24630

COURSE ELEMENTS

Credit Value: 3	Leadership: No	IT skills: Yes	Global view: Yes
WebCT: No	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: No	Group work: Yes	Oral skills: Yes

COURSE DESCRIPTION

- This course is taught primarily through lecture and in class discussion. Students are expected to read the assigned readings (e.g., journal papers) and participate in class discussion.
- We will cover 4-5 papers each class. Students are expected to read these papers carefully and actively contribute to class discussions. Students are expected to capture the key idea of each

paper, the data and methodology (for empirical papers), and the conclusions drawn. You should think of some improvements, extensions, and related research ideas.

- Students are required to write a term paper. The paper could be a solo author paper or a joint work with your supervisor. The topic of the term paper is not required to be in corporate finance. This term paper should have the potential to become a part of your dissertation.

TEXTBOOK

No Textbook

Most papers that you are required to read could be downloaded from e-journal in the library website.

OPTIONAL COURSE MATERIAL AND READINGS

Tirole, J., *The Theory of Corporate Finance*, Princeton University Press

Copeland, T., F. Weston, and K. Shastri, 2005, *Financial theory and corporate policy*, 4th edition, Addison-Wesley, New York.

Amaro de Matos, J., 2001, *Theoretical foundations of corporate finance*, Princeton University Press, New Jersey.

Angrist, Joshua D. and Jorn-Steffen Pischke. 2009. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press.

EVALUATION

You will be evaluated on four components according to the following weights:

Components and Weights

Presentation	30%
A Term Paper (proposal + final draft)	70%
Total	100%

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

REQUESTS FOR RELIEF FOR MISSED ACADEMIC TERM WORK
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1. Students may request relief from a regularly scheduled midterm, test, assignment or other course component in the following two ways: a) for absences from classes lasting up to five (5) days; or b) for absences from classes lasting more than five (5) days.

a) For absences from classes lasting up to five (5) days

Students must use the MSAF (McMaster Student Absence Form). This is an on-line, self-reporting tool, for which submission of medical or other types of supporting documentation is normally not required. Students may use this tool to submit a maximum of two requests for relief of missed academic work per term. Students must immediately follow up with their course instructors regarding the nature of the relief. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course.

b) For absences from classes lasting more than five (5) days

Students cannot use the MSAF. They MUST report to the APO to discuss their situation and will be required to provide appropriate supporting documentation.

2. Students who wish to submit more than two requests for relief of missed academic work per term cannot use the MSAF. They MUST report to the APO to discuss their situation and will be required to provide supporting documentation and meet with the Director.
3. The MSAF cannot be used during any final examination period.
4. Students who require accommodations to meet a religious obligation or to celebrate an important religious holiday must make their requests within three weeks of the start of term to the APO.
5. Students seeking relief due to: work-related (for part-time students only) commitments; representing the university at an academic or varsity athletic event; and/or conflicts between two (or more) overlapping scheduled midterm exams, have the option of applying for special exam arrangements. Such requests must be made to the APO at least ten (10) working days before the scheduled exam along with acceptable documentation. There will be only one common sitting for the special exam. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by the APO.

STUDENTS WITH DISABILITIES

Students with disabilities are required to inform the Centre for Student Development (CSD) of accommodation needs for examinations on or before the last date for withdrawal from a course without failure (please refer to official university sessional dates). Students must forward a copy of such CSD accommodation to the instructor immediately upon receipt. If a disabled student chooses NOT to take advantage of a CSD accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete.

TOPICS

1. Introduction to corporation finance/governance
2. Corporate ownership structure
3. Capital structure: static trade-off theory.
4. Capital structure and agency issues
5. Capital structure and informational asymmetry
6. Panel analysis in Corporate Finance
7. Corporate investment
8. Corporate diversification and focus
9. The market for corporate control
10. Executive compensation
11. Incentives Inside the firm
12. International Corporate Finance
13. Labor Economics and Corporate Finance
14. Others

ECONOMETRICS

1. Making sense of regression
2. Causality
3. Ordinary least square regression (assumptions and properties)
4. Heteroskedasticity and clustering
5. Endogeneity
6. Measurement errors
7. Omitted variable bias
8. Simultaneity
9. Instrumental variable estimation
10. Truncated, Tobit and Heckman selection model
11. Panel data analysis
12. Propensity score matching (PSM)
13. Difference-in-Difference method (DID)

(Reading list for each topic will be distributed before the class)