

Syllabus

for course at advanced level

Advanced Financial Empirical Research
Avancerad empirisk finansforskning

7.5 Higher Education
Credits
7.5 ECTS credits

Course code:	FE5126
Valid from:	Summer 2016
Date of approval:	2016-06-13
Department	Stockholm Business School
Main field:	Företagsekonomi
Specialisation:	A1N - Second cycle, has only first-cycle course/s as entry requirements

Decision

This syllabus was approved by the Educational Committee of the Stockholm Business School, Stockholm University 2016-06-13.

Prerequisites and special admittance requirements

Admission to Master Programme of Banking and Finance, or Degree of Bachelor in Business Administration or Economics worth at least 180 credits including at least one course in finance and one course in statistics or econometrics.

Course structure

Examination code	Name	Higher Education Credits
5126	Advanced Financial Empirical Research	7.5

Course content

The course equips students with models and research methods used in empirical finance. The course aims to enhance students' capability in understanding and assessing prior empirical research in finance, applying the models and methods they have learnt on new problems, and carrying out their own empirical analysis. Methods to be introduced in the course include panel data models, limited dependent variable regressions, multifactor pricing models and volatility and correlation modeling. The course will focus on the use of these methods for topics including empirical asset pricing, corporate default and credit rating, household financial decisions, and financial market policy effects. This course consists of lectures and several teacher-guided computer-based exercises. Being highly practical, this course prepares students for writing master thesis in finance.

Learning outcomes

Intended Learning Outcomes

The goal of the course is to deepen students' understanding of models and research methods used in empirical finance research.

Knowledge and understanding

After completing the courses, students shall demonstrate:

1. A deep understanding of the selected empirical issues in finance,
2. A thorough understanding of the important models and research methods in empirical finance.

Skills and abilities

Students shall have the ability to independently

3. Apply the models and methods they have learnt on new problems and to carry out their own empirical analyses,
4. Use scientific methods to analyse quantitative empirical material.

Judgement and approach

Students shall be able to independently

5. Search for relevant information from literature within finance,
6. Evaluate literature within finance.

Education

The course consists of a combination of lectures and computer labs and requires a significant portion of self-study on the part of students. Assessment for the course will be continuous and is carried throughout the different activities of the course.

The course workload is 200 hours equivalent to 7,5 ECTS (40 hours per week equivalent to 1,5 ECTS).

The language of instruction is English

Please note that all teaching and learning activities - such as lectures, teacher-guided computer labs and assessment tasks – are carried out in English when the language of instruction is English.

Forms of examination

Assessment for the course will be continuous and is carried throughout the different course activities. Each assessment task is weighted in relation to its importance in the overall assessment of the course.

The student's results from the different assessment tasks are added up to a total course score that will then translate into the final grade for the course.

Assessment tasks

The course contains the following weighted assessment tasks

1. Individual final examination: assesses intended learning outcomes number 1, 2, 3, 4, 5, 6; constitutes 70% of total course points.
2. Computer lab exercises: assesses intended learning outcomes number 1, 2, 3, 4; constitutes 30% of total course points.

In order to obtain a passing grade a student be assessed on all intended learning outcomes and therefore participate in all assessment tasks.

Grading

After completion of the course, students will receive grades on a scale related to the intended learning outcomes of the course. Passing grades are A, B, C, D and E. Failing grades are Fx and F. A grade Fx can be completed for a grade E.

A course comprises 0–100 course points. Receiving a final passing grade requires at least 50 course points. The scale for the final grade is tied to fixed score intervals: A: 90-100; B: 80-89; C: 70-79; D: 60-69; E: 50-59; Fx: 45-49; F: less than 45. The grades correspond to the total score points a student obtains (over a total of 100) for all the weighted assessment tasks combined as part of the continuous assessment for the course.

Each assessment task is awarded 0–100 points. The score for a single assessment task is the number of points

multiplied by its percentage weight, and the combined total of score points for all weighted assessment tasks for the course are added up to a final score between 0 and 100 which then translates into a corresponding final course grade between A and F.

All assessment tasks are assessed on a 100-point scale.

The student is responsible for completing the course's assessment tasks: that a sufficient amount of course points is earned and a passing course grade is obtained. The course's final assessment task can be taken twice: 1) during the course's first scheduled occasion; and, if a passing result (at least 50 course points) was not achieved at the first occasion, 2) at the course's second, scheduled occasion. All other assessment tasks are offered once during the course.

A passing grade (A–E) in the course is obtained when a student has achieved at least 50 course points.

A failing grade (Fx or F) in the course is obtained when a student has not achieved at least 50 course points:

- If 45–49 course points are achieved, a grade Fx is obtained, which can be completed for a grade E within 3 semester weeks after receiving instructions from the course director. If a complementary task is not completed within this time limit, and the course's two final assessment tasks have been accomplished, the course grade Fx is confirmed, implying that the student must re-register for the course and that previously acquired course points are forfeited. Note that first-time registered students have priority access to the seminar groups.
- If less than 45 course points are achieved, a grade F is obtained, implying that the entire course must be retaken and that previously acquired course points are forfeited.

Re-registration implies that:

- first-time registered students have priority access to the course's group registration;
- the final assessment task can be re-assessed without attendance at any of the course's other learning activities and without points from the course's other assessment tasks accredited.

Students receiving a passing grade may not retake the final examination or complete a previously not completed assessment task to attain a higher grade. A passing grade may not be turned into a failing grade upon the request of a student.

Assessment criteria

Assessment criteria are designed as overall assessments, combined qualitative descriptions of what the student is expected to do in order to demonstrate how well the course's learning outcomes are achieved. The assessment criteria are based upon the general abilities as expressed in the degree objectives of the Higher Education Ordinance (appendix 2, System of Qualifications). The list of abilities below is a compilation of these degree objectives. To pass the course (grade E) students should demonstrate general ability to:

- recall, understand and explain course content, the course subject and its scientific basis and methodology;
- apply course content;
- critically analyse course content;
- problematise course content;
- assess course content in terms of scientific, social, and ethical aspects;
- relate course content to current social issues;

The following assessment criteria are used to decide to what extent students have demonstrated these abilities and hence fulfil the course's intended learning outcomes, whereby a grading decision can be made. A higher grade-level presupposes the abilities at lower levels.

A (Excellent) □

The student demonstrates ability to evaluate and relate to the content of the course from a comprehensive, critically reflective perspective, as well as to transfer and apply insights in new, meaningful contexts.

B (Very Good) □

The student demonstrates ability to, from an overarching and coherent perspective of the field, understand and use concepts to explain how different aspects of the course relate to each other, interconnect and become meaningful.

C (Good) □

The student demonstrates ability to discuss the content, tasks and complex issues dealt with in the course from several well-developed but mainly independent perspectives.

D (Satisfactory) □

The student demonstrates satisfactory ability to discuss the content, tasks and complex issues dealt with in the course in a way that, albeit in-depth and elaborate, is decidedly one-dimensional.

E (Sufficient) □

The student demonstrates sufficient ability to discuss the content, tasks and complex issues dealt with in the course in a way that is decidedly one-dimensional.

Fx (Fail) □

The student's knowledge, skills and abilities display minor flaws, overall or in significant parts.

F (Fail) □

The student's knowledge, skills and abilities display major flaws, overall or in significant parts.

Interim

If the course is discontinued, or its contents are substantially altered, students have the right to be examined according to this syllabus once per semester for three further semesters.

Limitations

This course may not be included in a degree together with a course, taken in Sweden or elsewhere, of identical or partially similar content.

Misc

Exemption from an assessment task is granted if the student presents a valid reason and a written certification (such as illness and a medical certificate), whereupon the student may re-sit the assessment task at a later date while maintaining previously acquired course points.

Application for exemption should be submitted to the Director of Studies immediately after, or during planned absences well before, the date when the assessment task is carried out. A granted exemption expires at the end of the immediately following semester.

Required reading

Required Reading

- Lecture notes.
- A selection of academic articles (updated each semester, see the study guide).

Recommended Reading

- Brooks, C., 2014. Introductory econometrics for finance. Cambridge university press. 3rd Edition. Chapters 9, 11, and 12.
- Campbell, J.Y., Lo, A.W.C. and MacKinlay, A.C., 1997. The econometrics of financial markets. Princeton University Press. Chapter 6.