

ECON 173A:  
FINANCIAL MARKETS  
Winter 2020  
MWF 2:00pm - 2:50pm  
Cognitive Science Building 002  
University of California, San Diego

Instructor: Christopher Gibson

Email: [cdgibson@ucsd.edu](mailto:cdgibson@ucsd.edu)

Office Hours: Mondays, 4:00pm - 6:00pm, Econ 110C

*Teaching Assistant*

Xiameng Hua

[x5hua@ucsd.edu](mailto:x5hua@ucsd.edu)

Office hours: Tuesdays 2-3:20pm, Sequoya Hall 207

## SYLLABUS

As the first of the finance sequence, Econ 173A covers the institutional structure and functioning of financial markets, considers investors' portfolio decisions, and establishes the basic risk-return trade-off as a market equilibrium. You will be introduced to a variety of asset classes in this course including stocks, bonds, cash instruments and derivatives (options).

This syllabus covers all the important organizational details. Further information, if not specified here, will be given in class at the appropriate time.

## LOGISTICS AND IMPORTANT DATES

- Lecture: MWF 2:00pm - 2:50pm in CSB 002 from 1/6 - 3/13
- Discussion section: Tuesdays 5:00pm - 5:50pm in Center Hall 222 from 1/14 - 3/10 or  
Tuesdays 6:00pm - 6:50pm in Center Hall 222 from 1/14 - 3/10
- University holidays (no class): Monday 1/20 (Martin Luther King, Jr. Holiday) and  
Friday 2/17 (President's Day)
- Midterm 1: Monday, 1/27 from 7:00pm - 8:20pm in Center Hall 214
- Midterm 2: Monday, 2/24 from 7:00pm - 8:20pm in Center Hall 214
- Final Exam: Monday, 3/16 from 3:00pm - 6:00pm location TBD

## COURSE MATERIAL

### REQUIRED MATERIAL

1. Bodie, Zvi, Alex Kane, and Alan J. Marcus (2018), *Investments*. 11th edition, Irwin McGraw-Hill.
  - This is the only required material that will not be provided on Canvas.
  - The 10th edition is very similar but earlier editions are significantly different.
  - None on reserve but copies can be made available on request.
2. Lecture notes covered in class and subsequently posted to Canvas.
3. Weekly problem sets.
4. Additional practice material posted to Canvas.
5. Piazza: <https://piazza.com/ucsd/winter2020/econ173a/home>
  - Piazza is a fast and efficient way of getting you help from classmates, the TA, and myself. Through Piazza you can ask questions or help others by submitting your own answers. Rather than emailing questions to the teaching staff, I encourage you to post your questions on Piazza. You can even ask anonymously!

## SUPPLEMENTARY MATERIAL (NOT REQUIRED)

1. MH Connect gives additional practice questions and exercises.
2. A non-programmable, non-internet-capable calculator.
  - Students interested in obtaining CFA certification should note that the two approved calculators for CFA exams are the Texas Instruments BA II Plus (including BA II Plus Professional), and the Hewlett Packard 12C (including the HP 12C Platinum, 12C Platinum 25th anniversary edition, 12C 30th anniversary edition, and HP 12C Prestige).

## OUTLINE OF TOPICS

I expect that you will attend all lectures. Below is an outline of topics. The relevant book chapters will be announced at the appropriate time.

1. Financial Markets and Institutions
2. Risk and Returns
3. Portfolio Choice Theory (asset allocation)
4. Capital Market Equilibrium (CAPM)
5. Efficient Markets
6. Fixed Income
7. Derivatives

## DISCUSSION SESSIONS

Each Tuesday the Teaching Assistant will hold a discussion section

- Tuesdays 5:00pm - 5:50pm
- Tuesdays 6:00pm - 6:50pm

In addition, there is a discussion section for the 3 - 3:50 class on

- Thursdays 5:00pm - 5:50pm

You can attend any discussion section you prefer, but if space becomes an issue please stick to your assigned section.

All discussion sections will take place in Center Hall 222 and will begin the second week of classes. TAs will solve problems from the recently submitted homework, give you ideas for the upcoming homework, and present problems that might resemble exam questions. While not mandatory, I strongly suggest that you attend.

## EVALUATION

### PROBLEM SETS

There will be **optional** weekly problem sets due on Wednesdays. There will be a (tentative) total of eight problem sets. You have the option of turning them in via Gradescope by the start of class on the due date.

While not required, I strongly encourage you to complete problems sets in preparation for exams.

### MIDTERM EXAMS

There will be two midterms outside of class. The first is on Monday, January 27 from 7:00pm - 8:20pm and the second on Monday, February 24 from 7:00pm - 8:20pm. Both will be located in Center Hall 214.

### FINAL EXAM

There will be a cumulative final exam on Monday, March 16 from 3pm to 6pm. The location will be determined at a later date. If you have three final exams or more on the same day you have the right to request one be moved. Because the size of the class makes that tricky, I ask that you make those requests of your other instructors first.

## GRADING

Course grades will be determined according to the following weights:

Midterm 1	Midterm 2	Final Exam
25%	25%	50%

If there is at least a 20 percentage point difference between your midterms, you may qualify for the following grading system:

$\max\{\text{Midterm 1, Midterm 2}\}$	Final Exam
50%	50%

In order to qualify for this alternate grading system you must take both midterms.

## EXAM POLICIES

On all exams you will only be allowed pens/pencils and an eraser, an optional non-programmable calculator, and something to drink if you wish. Any other exam materials including scratch paper will be provided.

### ARRIVING LATE TO EXAMS

If you arrive late to the exam you will be allowed the remaining time as long as no student has turned in their exam yet. If you arrive after any student has already submitted their exam you will receive a zero on the exam.

### MISSED EXAMS

No make-up exams will be given in this class. You must take the final exam in order to receive a grade in this course. The final exam date is provided above so be sure to mark your calendar. If you miss a midterm exam without a university accepted excuse, you will receive a grade of zero for the exam. If you miss a midterm with a university accepted excuse, the weight of the final exam will be increased accordingly. Excuses for missed exams must be pre-approved by professor Gibson (except when this is not possible in an emergency situation). A student who misses an exam due to physical illness will be required to provide documentation from a health care professional indicating why the student was physically unable to take the exam. All documentation must be provided to professor Gibson within two working days of the student's return to campus. Failure to comply with any of the above in the specified manner will result in a grade of zero for the exam.

## ACADEMIC INTEGRITY

I have **ZERO TOLERANCE** for cheating. Students are expected to do their own work, as outlined in the UCSD policy on Academic Integrity. All students of UC San Diego are responsible for knowing and adhering to the institution's policy regarding academic integrity. Cheating, plagiarism, fabrication, lying, bribery, threatening behavior and assistance to acts of academic dishonesty are examples of behaviors that violate this policy. A student engaged in any act of academic dishonesty will receive a failing grade for the course. In addition, all incidents of academic misconduct shall be reported to the Academic Integrity Office. Depending on its findings, students who are found to be in violation of the academic integrity policy will be subject to non-academic sanctions, including but not limited to university probation, suspension, or expulsion. The Academic Integrity Office can be contacted by email at [aio@ucsd.edu](mailto:aio@ucsd.edu) or by telephone at (858) 822-2163. Additional information regarding the University Academic Integrity policy is available at <https://academicintegrity.ucsd.edu/>.

## ELECTRONICS IN CLASS

Use of electronics not directly related to the course can pose a significant distraction to your classmates. In order to protect the learning environment, repeat offenders will be asked to leave the lecture hall.

## CELL PHONES

Cell phones must be silenced during lecture. If you are in lecture it is assumed you are there to take part in the class, and as such any cell phone use should not be necessary. If an extraordinary situation requires you to attend closely to your phone, please sit in the last few rows of the lecture hall, or in seats toward the side walls in order to avoid distracting your classmates.

## LAPTOPS

Laptop computers are permitted in lectures. However, they must be used only for course-related purposes. If you use your laptop for class purposes, you are required to sit in a place where the potential distraction to your fellow students is minimized (e.g. the last few rows of the lecture hall, or the seats next to the side walls). Uses for any other purpose impose negative externalities on others and are inappropriate during class time.

# UNIVERSITY POLICIES AND RESOURCES

## CONDUCT CODE.

To foster the best possible working and learning environment, UC San Diego strives to maintain a climate of fairness, cooperation, and professionalism. UC San Diego's Principles of Community illustrate the expectations of all members of our community. Consistent with such principles, the Student Conduct Code underscores the pride and the values that define UCSD's community, while providing students with a framework to guide their actions and behaviors. I recommend reviewing the Student Conduct Code to make sure you are familiar with the behavior that is expected from you in class and on campus in general.

## DISABILITY ACCOMMODATIONS.

Campus policy regarding disabilities requires that faculty adhere to the recommendations of the Office for Students with Disabilities (OSD). Any student eligible for and needing academic adjustments or accommodations because of disability should submit to me a letter from OSD describing appropriate adjustments or accommodations and should arrange to meet with me as soon as possible so that arrangements can be made in a timely manner. University policies regarding disabilities are available at <http://disabilities.ucsd.edu/students/>. Appointments with OSD (phone or in-person) can be made by calling (858) 534-4382 or by email at [osd@ucsd.edu](mailto:osd@ucsd.edu). More information can also be found [here](#).

## RELIGIOUS OBSERVANCE.

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly accommodate all students who, because of religious obligations, have conflicts with scheduled examinations, assignments or required attendance. See full details of policies on examinations [here](#). If you have scheduling conflict covered by this policy, please let me know as soon as possible so that we can reschedule the relevant assignment/examination.

## HARASSMENT POLICY.

The University Policy on Discrimination and Harassment applies to all students, staff and faculty. Any student, staff member or faculty member who believes (s)he has been the subject of

discrimination or harassment based on race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation, or political philosophy, should contact the Office for the Prevention of Harassment and Discrimination (OPHD) at (858) 534-8298, [ophd@ucsd.edu](mailto:ophd@ucsd.edu), or [reportbias.ucsd.edu](http://reportbias.ucsd.edu).

## DATA PRIVACY.

The University adheres to the standards for student privacy rights and requirements as stipulated in the Federal Rights and Privacy Act (FERPA) of 1974, see <http://ucsd.edu/catalog/front/ferpa.html>.

## COUNSELING

Managing the many challenges of being a college student can be very stressful. Always remember that talking to somebody that is professionally trained to help is just an email, or short walk, away: <https://caps.ucsd.edu/>.