



**Faculty of Liberal Arts and Professional Studies**  
**Department of Economics**  
**Econ 4400: Financial Economics**  
**Winter 2025**

**Class Information:**

- Time and location: Winter 2025, Friday 11:30-2:20 pm, Classroom: Ross Building S205
- Course Webpage: <https://eclass.yorku.ca/course>
- Prerequisite: AP/ECON 2300 3.00 and AP/ECON 2350 3.00 or equivalents
- Course credit exclusions: AP/ADMB 3530 3.00, AP/ADMS 3530 3.00, GL/ECON 4310 3.00.

**Course Description**

This course provides an introduction to the fundamental principles of financial economics and corporate finance, focusing on how firms make investment and financing decisions under conditions of risk and uncertainty. Students will engage with key concepts such as net present value, capital budgeting, market efficiency, risk assessment, and the valuation of equity and debt, while also exploring financial strategy. The course not only strengthens quantitative and analytical skills but also cultivates an awareness of how financial theories apply to decision-making in practice.

By the end of the course, students will have a clear understanding of how to analyze financial statements, apply modern valuation methods, and assess the merits and limitations of various capital budgeting techniques. They will also gain insight into behavioral aspects of decision-making and the assumptions underlying asset pricing models. Through mathematical problem-solving and case studies, students will learn to apply theoretical models to practical scenarios, developing an appreciation for both the strengths and the limitations of financial theory in addressing real-world challenges.

**Instructor:** Yishu Zeng

- E-mail address: [zengyish@yorku.ca](mailto:zengyish@yorku.ca)
- Office Hour: By appointment

Note: Please kindly indicate “Econ 4400” in the subject of your email. Also, please use your York email account for correspondence and remember to include your name in your messages.

## Lectures

The course follows a lecture-based format, and your questions, comments, and feedback are welcome at any time, both inside and outside the classroom. Technology is used extensively to deliver instruction and facilitate interactive activities in the classroom and on the course website on eClass.

Please make it a habit to check the course website on eClass regularly for announcements, lecture handouts, in-class quizzes, and exercises. While lecture notes will be provided on eClass in advance, they are not a comprehensive treatment of the material and are not a substitute for the textbook or class attendance. Attendance is expected of all students, and you are responsible for catching up on any material covered in class if you miss a lecture.

All course materials posted on eClass are proprietary. You do not have permission to duplicate, copy, or distribute any course materials outside of the class, as these actions may violate copyright laws and the Freedom of Information and Protection of Privacy Act.

## Textbooks

Ross, Stephen A., Randolph W. Westerfield, Jeffrey F. Jaffe, and Hamdi Driss, *Corporate Finance*, 9th Canadian Edition, McGraw-Hill Ryerson, 2022.

- Print text: ISBN10: 1260881377 | ISBN13: 9781260881370
- eBook (180-day access): ISBN10: 1265017549 | ISBN13: 9781265017545

The text is available for a two-hour loan at the Scott Library reserves. For those on a tight budget, second-hand copies or previous Canadian editions as well as U.S. editions of the text are widely available. Additional readings may be assigned or recommended during the course.

## Homework Problems and In-Class Quizzes

Homework Problems will be made available on eClass. They will not be graded but you are encouraged to work on the assigned problems to reinforce the course material and prepare for exams. I will select some of these problems for your exams. We will have five sets of in-class quizzes, spaced approximately every two weeks. These quizzes are open-book, and only the **highest three** quizzes will count towards your course grade. In-class quizzes will account for **20%** of your total grade.

Submission & Expectations: Please upload your work on the quizzes electronically on eClass. Make sure that your submission is readable. Please give rigorous and complete

answers. Explain all required steps of your argument, and do not leave out calculations even if the math in your opinion is trivial. This expectation also applies to your write-up solution for all the exams.

### **Exams and Grades**

There will be a midterm exam and a final exam, which will contribute **35%** and **45%** to your final grade, respectively. The total grade will be determined based on the weighted average score (P%) of each component you achieve in the course.

**\*Concerns about apparent grading errors will be considered during the term, but requests for “extra credit” or other special considerations in assigning grades will be ignored.**

### **Grading**

The grading scheme for the course conforms to the 9-point grading system used in undergraduate programs at York (e.g., A+ = 9, A = 8, B+ = 7, C+ = 5, etc.). Assignments and tests will bear a number grade that you can convert into a letter grade using the standard York University conversion table (e.g., A+ = 90 to 100, A = 80 to 90, B+ = 75 to 79, etc.). For a full description of York grading system see the [York University Undergraduate Grading Schemes](#).

### **Missed Exams and Deadlines**

Quizzes: There will be no extensions to the quiz deadlines for any reason. The lowest two quiz grades will be dropped to account for any unexpected circumstances.

Midterms: There will be no make-up midterm exams for any reason. In the event that you must miss the midterm, the weight will automatically be transferred to the final exam. The final exam is generally expected to be more challenging than the midterm. By requesting the transfer, you implicitly acknowledge and understand this associated risk.

Final: For students who miss the final, the Department of Economics Guidelines on Deferred Standing apply.

### **Tentative Course Outline**

*Note: The above list of topics is tentative and subject to change. Exam dates are firm.*

### **Important Course Information for Students**

All students are expected to familiarize themselves with the following information, available on the University Secretariat webpage - <http://secretariat-policies.info.yorku.ca>.

<b>Week</b>	<b>Topic</b>
Jan. 6	Ch. 1 Introduction to Corporate Finance
Jan. 13	Ch. 2 Accounting Statements and Cash Flow <b>Quiz 1</b>
Jan. 20	Ch. 4 The Net Present Value
Jan. 27	Ch. 5 The Time Value of Money <b>Quiz 2</b>
Feb. 3	Ch. 6 How to Value Bonds and Stocks
Feb. 10	Ch. 7 Net Present Value and Other Investment Rules <b>Quiz 3</b>
Feb. 17	Reading week, no classes
Feb. 24	<b>Midterm Exam</b>
March 3	Ch. 8 Net Present Value and Capital Budgeting
March 10	Ch. 9 Risk Analysis, Real Options, and Capital Budgeting <b>Quiz 4</b>
March 17	Ch. 10 Risk and Return: Lessons from Market History
March 24	Ch. 11 Risk and Return: The CAPM <b>Quiz 5</b>
March 31	Ch. 12 An Alternative View of Risk and Return: The Arbitrage Pricing Theory <b>Course Review</b>

- Senate Policy on Academic Honesty and the Academic Integrity Website <http://calendars.registrar.yorku.ca/2015-2016/policies/honesty/index.htm>
- Accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards

- Religious Observance Accommodation

<b>Course ADD/Drop Deadlines*</b>	<b>W 2025</b>
Last date to add a course <b>without permission</b> of instructor (also see Financial Deadlines)	Jan. 20
Last date to add a course <b>with permission</b> of instructor (also see Financial Deadlines)	Jan. 31
Last date to drop a course without receiving a grade (also see Financial Deadlines)	March 14
<b>Course Withdrawal Period (withdraw from a course and receive a grade of “W” on transcript – see note below)</b>	<b>March 15–April 4</b>

\*For more dates and information, see: <https://registrar.yorku.ca/enrol/dates/2024-2025/fall-winter>

### **Academic Honesty and Integrity**

It is our joint responsibility to strive to maintain academic integrity to the highest extent possible. Academic integrity is the pillar of higher education. Breaches of academic integrity such as cheating on exams affect all of us adversely, including the cheaters - your degree is as valuable as the reputation for academic honesty of our institution.

Familiarize yourself with the meaning of academic integrity by completing SPARK’s Academic Integrity module at the beginning of the course. All instances of academic dishonesty in this course will be reported to the appropriate university authorities, and can be punishable according to the Senate Policy on Academic Honesty.