

ECON 4400: Financial Economics

SECTION A
Summer (S1) 2025

Course Information

Course Instructor: George J.

Georgopoulos

E-mail: georgop@yorku.ca

Office: 1080 Vari Hall

Office Hours: By appointment, Zoom

Course Time & Days: T-R, 11:30am -2:30 pm

Class Location: R S203

Course eClass site: <http://eclass.yorku.ca>

TA Contact Information: TBA

Land Acknowledgment

York University recognizes that many Indigenous Nations have longstanding relationships with the territories upon which York University campuses are located that precede the establishment of York University. York University acknowledges its presence on the traditional territory of many Indigenous Nations. The area known as Tkaronto has been care taken by the Anishinabek Nation, the Haudenosaunee Confederacy, and the Huron-Wendat. It is now home to many First Nation, Inuit, and Métis communities. We acknowledge the current treaty holders, the Mississaugas of the Credit First Nation. This territory is subject of the Dish with One Spoon Wampum Belt Covenant, an agreement to peaceably share and care for the Great Lakes region ([LA&PS Land Acknowledgement](#)).

Course Overview

Calendar Course Description

Analyzes investment and financing decisions, the separation between ownership and control, the risk inherent in decision-making, and how shareholders' wealth and utility are maximized. Topics include net present value, capital budgeting, efficiency of capital markets, treatment of risk, valuation of debt, dividend policy, short-term financing, and financial strategy.

Prerequisites: AP/ECON 2300 3.00 and AP/ECON 2350 3.00 or equivalents.

Course Credit Exclusions (CCE): AP/ADMB 3530 3.00, AP/ADMS 3530 3.00, GL/ECON 4310 3.00

Expanded Course Description

ECON 4400: Financial Economics and its continuation, ECON 4410: Corporate Finance, are applied courses in corporate finance, which aim to develop an understanding of the theoretical foundation of modern finance and make the theory come to life through contemporary examples. In ECON 4400, we focus on two major questions faced by the firm:

1. What projects should the firm invest in?
2. What sources of financial capital can the firm use for its investment activities?

The course will assist you in improving your quantitative skills as well as your ability to read critically and understand the financial press. Topics include net present value, capital budgeting, efficiency of capital markets, treatment of risk, valuation of equity and debt, and financial strategy.

Course Learning Objectives

Upon completing this course, you will be able to:

- describe and analyze basic accounting statements
- define and apply modern approaches to asset valuation and portfolio management
- describe, compare and contrast the major capital budgeting methods
- identify the limitations of each capital budgeting method
- identify relevant inputs for a capital budgeting problem
- display awareness of behavioral theories of human decision-making
- describe and interpret fundamental theories of asset pricing and their implications for corporate decision making
- identify underlying assumptions of financial theories and assess the implications of changes to these assumptions
- apply concepts and models learned in class to solve financial problems in written mathematical form
- apply concepts and theories learned in class to case studies and real-world problems
- identify the potential and limitations of financial theory in dealing with real-world problems

Course Organization

The course is organized in a lecture format; however, your questions, comments and feedback are welcome at any point of time, both inside and outside the classroom. Technology is extensively used for delivering instruction and interactive activities in the classroom and via the course website on eClass.

Please make it a habit of checking the course website on eClass on a regular basis for current course announcements, lecture handouts, homework, practice quizzes and exercises, and assigned readings. Although **lecture notes** will be provided on eClass ahead of time, they **are not** meant to be a comprehensive treatment of the material, nor are they **a substitute for the textbook or class attendance**.

Class attendance is expected of all students. You are responsible to make up for the material covered in class if you miss a lecture.

On eClass, there is a separate discussion board for each topic we cover in class as well as for general and course administration questions. There are economies of scale for me and a positive externality for your classmates if you post all questions, comments, and thoughts about the course content to the relevant eClass discussion board rather than e-mailing me. It is also a great learning experience for you to answer questions your classmates have posted. I monitor these boards and respond on a regular basis.

Communication Guidelines

Please use your York email account for correspondence. Do not forget to sign your name.

Required Course Materials

Ross, Stephen A., Randolph W. Westerfield, Jeffrey F. Jaffe, and Hamdi Driss, Corporate Finance, 10th Canadian Edition, McGraw-Hill Ryerson, 2025 (the 9th edition is also fine).

The e-text is available to purchase on the York Bookstore website. You have the option to buy the MyLab along with the e-text, but MyLab is not mandatory.

The text is available for a 24-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.

Optional Course Materials

Financial Post, Wall Street Journal, Financial Times, Bloomberg, Economist, and any other business news magazine or newspaper

Readings, videos and interactive activities posted on the eClass course website.

Course Evaluation Chart

Assessment	Due Date	Weight
Grading Scheme 1		
Midterm Exam	May 28, 2025	35%
Group Project	Due: June 16, 2025, 11:30pm	15%
Final Exam*	TBA	5%
		100%

Missed Midterm:

There is no makeup. Provide you have valid documentation for the missed midterm, the weight of the midterm will be shifted to the final exam. You will need to email me within one week of the date of the midterm or within 1 week after the midterm notifying me of the missed midterm.

Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

Concerns about apparent grading errors will be considered up to 2 weeks after the midterm grade is published, but requests for “extra credit” or other special considerations in assigning grades will be ignored.

Assessment Descriptions

Midterm and Final Exam: T. These are in person, closed-book, closed-notes tests. The final exam is cumulative with a greater emphasis on the material covered after the midterm.

Group Project: Each group should have no fewer than 4 people and no more than 5. All group members will receive the same grade on the project. **Individual projects will not be graded.** Detailed instructions on the group assignments and deadlines will be provided in class.

Final: For students who **miss the final**, the [Department of Economics Guidelines on Deferred Standing](https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/departments/policies/deferred-standing/) apply. In such cases, students should submit a Mach form request online at

<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/departments/policies/deferred-standing/>

The date and time of the deferred exam will be set at a later date. Students who may require further extensions will have to submit a formal petition to the Faculty.

Grading

The grading scheme for this course conforms to the 9-point system used in undergraduate programs at York University. For a full description of the York grading system, visit the York University [Academic Calendar](#).

Grade	Grade Point	Percent Range	Description
A+	9	90-100	Exceptional
A	8	80-89	Excellent
B+	7	75-79	Very Good
B	6	70-74	Good
C+	5	65-69	Competent
C	4	60-64	Fairly Competent
D+	3	55-59	Passing
D	2	50-54	Marginally Passing
E	1	(marginally below 50%)	Marginally Failing
F	0	(below 50%)	Failing

Course Schedule

Important Dates

Explore the York University [Academic Calendar](#) to find a list of important dates, such as class start/end dates, drop deadlines, holidays and more.

Weekly Course Schedule

Day	Topic
May 5	Ch. 1 Introduction to Corporate Finance
May 7	Ch. 2 Accounting Statements and Cash Flow

May 12	Ch. 5 The Time Value of Money
May 14	Ch. 6 How to Value Bonds and Stocks
May 21	Ch. 7 Net Present Value and Other Investment Rules
May 26	Ch. 8 Net Present Value and Capital Budgeting
May 28	Midterm Test (chapters 1,2,5,6,7)
June 2	Ch. 9: Risk Analysis, Real Options, and Capital Budgeting
June 4	Ch. 10 Risk and Return: Lessons from Market History
June 9	Ch. 11: Risk and Return: The CAPM
June 11	Ch. 12 An Alternative View of Risk and Return: The Arbitrage Pricing
June 16	Ch. 13 Risk, Return, and Capital Budgeting

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

Course Policies

Please review the course policies in this section. All students are expected to familiarize themselves with the following information:

- [Student Rights & Responsibilities](#)
- [Academic Accommodation for Students with Disabilities](#)

Academic 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 and a fundamental and important value of York University. 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. All suspected instances of academic dishonesty in this course will be reported to the appropriate university authorities.

To maintain a fair and honest learning environment, you are responsible for understanding and upholding academic integrity in all courses and academic activities. You are encouraged to connect with reliable [on-campus resources](#) that support your coursework and academic honesty. To better understand the serious consequences of breaching academic honesty policies, familiarize yourself with the [Senate Policy on Academic Conduct](#). You can learn more about upholding academic integrity in your courses by exploring [Guiding Principles for LA&PS](#) and [Academic Integrity for Students](#).

Always remember that I am working on your side, making sure you understand the meaning and importance of academic integrity. If you ever have any questions or concerns, please do not hesitate to speak with me.

The following quote by Madison Sarratt (1891-1978), an academic and administrator at Vanderbilt University, beautifully captures my personal stance on academic integrity:

Tomorrow I will give you two examinations, one in trigonometry and one in honesty. I hope you will pass them both, but if you must fail one, let it be trigonometry, for there are many good people in this world today who cannot pass an examination in trigonometry, but there are no good people in the world who cannot pass an examination in honesty.

Generative Artificial Intelligence (GenAI)

Students are not permitted to use generative artificial intelligence (AI) in this course. Submitting any work created (in whole or part) through the use of generative AI tools will be considered a violation of York University's [Senate Policy on Academic Conduct](#). Using AI apps such as ChatGPT, GPT-3, DALL-E, translation software among others to complete academic work **without your instructor's knowledge or permission**, is considered to be a breach of academic honesty. For more information, please review [AI Technology & Academic Integrity: Information for Students](#).

Turnitin

To promote academic integrity in this course, the group leader will be required to submit the group projects to Turnitin (via the course's eClass site) for a review of textual similarities and the detection of possible plagiarism. In so doing, students will allow their material to be included as source documents in the Turnitin.com reference database, where they will be used only for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin service are described on the Turnitin.com website. York students may opt out of using Turnitin. If you wish to opt out, you should contact me as soon as possible.

Accessibility

York University is committed to creating a learning environment which provides equal opportunity to all members of its community. If you anticipate or experience any barriers to learning in this course, please discuss your concerns with your instructor as early as possible. For students with disabilities, contact [Student Accessibility Services](#) to coordinate academic accommodations and services. Accommodations will be communicated to Course Directors through a Letter of Accommodation (LOA). Accommodations for tests/exams normally require three (3) weeks (or 21 days) before the scheduled test/exam to arrange.

Religious Observance Accommodation

York University is committed to respecting the religious beliefs and practices of all members of the community and making reasonable and appropriate [accommodations to adherents for observances of special significance](#). Should any of the dates specified in this syllabus for course examinations, tests, or deadlines conflict with a date of religious significance, please contact the instructor within the first three (3) weeks of class. If the date falls within the formal examination periods, you must complete and submit a [Religious Accommodation for Examination Form](#) at least three (3) weeks before the start of the exam period.

Intellectual Property

Course materials are designed for use as part of this particular course at York University and are the intellectual property of the instructor unless otherwise stated. Third-party copyrighted materials (such as book chapters, journal articles, music, videos, etc.) have either been licensed for use in this course or fall under an exception or limitation in Canadian copyright law. Students may not publish, post on an Internet site, sell, or otherwise distribute any course materials or work without the instructor's express permission. Course materials should only be used by students enrolled in this course.

Copying this material for distribution (e.g., uploading material to a commercial third-party website) may lead to a charge of misconduct according to York's [Code of Student Rights and Responsibilities](#), the [Senate Policy on Academic Conduct](#), and/or legal consequences for copyright violations.

Student Support and Resources

York University offers a wide range of student supports resources and services, including everything from writing workshops and peer mentorship to wellness support and career guidance. Explore the links below to access these on-campus resources:

- Current students at York can register for a Bloomberg account at Bronfman Business Library and complete three professional development certificates offered by Bloomberg free of charge. This is the link to the guides on how to create a Bloomberg account: https://researchguides.library.yorku.ca/ld.php?content_id=34400813. In person assistance is available during reference hours, Monday – Thursday, 1-4pm, and Friday, 1-3pm (<https://www.library.yorku.ca/web/hours-and-locations/>)
- [Academic Advising](#) is available to provide students support and guidance in making academic decisions and goals.
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- [Student Accessibility Services](#) are available for support and accessibility accommodation when required.
- [Student Counselling, Health & Wellbeing](#) offers workshops, resources, and counselling to support your academic success.
- [Peer-Assisted Study Sessions \(PASS\) Program](#) provides student study sessions for students to collaborate and enhance their understanding of course content in certain courses.
- [Student Numeracy Assistance Centre at Keele \(SNACK\)](#) supports students in courses involving math, stats, and Excel.
- [The Writing Centre](#) provides multiple avenues of writing-based support including drop-in sessions, one-to-one appointments, a Multilingual Studio, and an Accessibility Specialist.
- [Centre for Indigenous Student Services](#) offers a community space with academic, spiritual, cultural, and physical support, including writing and learning skills programs.

- [ESL Open Learning Centre \(OLC\)](#) supports students with building proficiency in reading, writing, and speaking English.
- [Learning Skills Services](#) provides tips for time management, effective study and learning habits, keeping up with coursework, and other learning-related supports.
- [Learning Commons](#) provides links to supports for time management, writing, study skills, preparing for exams, and other learning-related resources.
- [Roadmap to Student Success](#) provides students with timely and targeted resources to help them achieve academic, personal, and professional success.
- [Office of Student Community Relations \(OSCR\)](#) is responsible for administering the [Code of Student Rights & Responsibilities](#) and provides critical incident support.
- [Peer Mentorship](#) helps students transition through their first year by connecting them with upper-year students. The mentors can help find supports and resources. They also lead a community hub on campus.
- [goSAFE](#) is staffed by York students and can accompany York community members to and from any on-campus location, such as the Village Shuttle pick-up hub, parking lots, bus stops, or residences.

For a full list of academic, wellness, and campus resources visit [Student Support & Resources](#).