

Syllabus

for course at first level

Empirical Finance

Empirisk finansiell ekonomi

7.5 Higher Education

Credits

7.5 ECTS credits

Course code:	FE3829
Valid from:	Autumn 2022
Date of approval:	2022-02-10
Department	Stockholm Business School
Main field:	Företagsekonomi
Specialisation:	G2F - First cycle, has at least 60 credits in first-cycle course/s as entry requirements

Decision

Prerequisites and special admittance requirements

60 credits in the main field of Business Administration, including Finance I, 7,5 credits, Finance II, 7,5 credits, and 30 credits from Organization I, 7,5 credits, Marketing I, 7,5 credits, Accounting I, 7,5 credits, Organization II, 7,5 credits, Marketing II, 7,5 credits, Accounting II, 7,5 credits; or equivalent. In addition, statistics, 7,5 credits.

Course structure

Examination code	Name	Higher Education Credits
3829	Empirical Finance	7.5

Course content

The objective of the course is to give students a thorough understanding of the most important research methods required for doing empirical analyses of financial data and for carrying out their bachelor thesis. The course begins with a brief discussion of the academic writing on methodology and the simple estimation methods, such as the OLS, maximum likelihood, which is followed by a description of the time series financial data. Thereafter, the course presents an explanation of the available methods for testing the most important asset-pricing model, i.e. CAPM. The course is ended with an event study.

The course concentrates on the following issues: OLS regression, Maximum Likelihood, Time series (Autoregressive models), Stationary and unit root test, tests for the CAPM model, and an Event Study.

Learning outcomes

The overall aim of the course is to give students a thorough understanding of the most important research methods required for doing empirical analyses of financial data.

Upon successful completion of this course, the student shall be able to:

Knowledge and understanding

1. Demonstrate ability to interpret the general format of writing a research proposal.

2. Demonstrate ability to describe the OLS regression.

Skills and abilities

3. Demonstrate ability to estimate financial models with OLS and Maximum Likelihood method.

4. Demonstrate ability to perform a stationary test for financial time series.

5. Demonstrate ability to perform an event study.

Judgement and Approach

6. Demonstrate ability to critically evaluate the theoretical and empirical issues in the CAPM model applied in empirical finance.

Education

The teaching consists of lectures, computer labs and quizzes, and requires a significant portion of self-study on the part of students.

The course workload is 200 hours, equivalent to 7,5 higher education credits.

The language of instruction is English.

The teaching takes place on campus and online.

For more detailed course information, see the study guide, published on the learning platform no later than one month before the course commences.

Forms of examination

a) 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. Individually written exam: assesses intended learning outcomes 1–6; constitutes 74% of total course points.

2. Individual quiz: assesses intended learning outcomes 2–6; constitutes 24% of total course points.

3. Lab attendance: assesses intended learning outcomes 2–6; constitutes 2% of total course points.

The examination is conducted in English.

If the student has a certificate from Stockholm University with a recommendation for special support, the examiner has the opportunity to give an adapted test or let the student complete the test in an alternative way.

b) Grading scale

Grading takes place according to a criterion-referenced seven-point grading scale:

A = Excellent

B = Very good

C = Good

D = Satisfactory

E = Sufficient

Fx = Failed, some more work required

F = Failed, much more work required

c) Grading and assessment criteria

Grading criteria

The course's grading 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. 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.

Assessment criteria

The course's assessment criteria, which serve as support for the assessment of the course's assessment tasks, are announced at the start of the course.

d) Final grade

The course comprises 0–100 course points. A passing grade (A–E) in the course requires that all learning outcomes are met, at least 50 course points and at least 50 points from individual assessment tasks.

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: 0–44. The grades correspond to the total course 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. Current rounding rules are applied (0,5–0,9 course points are rounded up to the nearest higher, full course point).

Each assessment task is awarded 0–100 points. The points from an individual assessment task are multiplied by its percentage weight, constituting its course points. The course points for all assessment tasks are summed up to a total score between 0 and 100 course points. The total score is translated into a corresponding course grade A–F.

Assessment tasks 1 and 2 are assessed on a 100-point scale.

Assessment task 3 is assessed on a 100-point scale in three intervals:

- Attending all labs: receive 100 points (2% of total course points).
- Absence from 1 lab: receive 50 points (1% of total course points).
- Absence from 2 or more labs: receive 0 points (0% of total course points).

For more information on how the assessment tasks are assessed, see the study guide.

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. If a passing course grade is not obtained during the course's first scheduled occasion, the course's weightiest assessment task can be taken at the course's second scheduled occasion, with retained course points from the course's other assessment tasks. All other assessment tasks are offered once during the course.

If 45–49 course points are achieved, a grade Fx is obtained. If less than 45 course points are achieved, a grade F is obtained.

A student who after the course's two regular exams does not obtain a passing grade lose the course points obtained and is referred to re-register at a later course instance.

Re-registration implies that:

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

Exemption from an assessment task is granted if the student presents a written certificate (e.g. a medical certificate), whereupon the student may re-sit the assessment task at a later date decided by the head of course, and while maintaining previously acquired course points.

The 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.

e) Failed grades

For each course instance, two examination opportunities are normally offered. If during an academic year, a course instance is missing, at least one examination instance is offered.

A student who has received the grade F on an examination twice in a row by one and the same examiner have the right to have another examiner appointed at the next examination, unless there are special reasons to the contrary. The request is made to the director of studies.

A student who has received a passing grade on an examination may not retake the examination or complete a previously not completed assessment task to achieve a higher grade. A passing grade cannot be changed to a failing grade at the student's request.

Assessment tasks which are not submitted on time are not assessed.

f) Supplementary assignments

The grade Fx is not possible to complete.

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

The course is included in:

- Bachelor's Programme in Business Administration 180 credits
- Business Administration III Finance, Course Module 30 credits

Required reading

Course literature and other teaching materials are specified on the course's webpage no later than two months prior to the course commences.