

# GUIDE TO GRADUATE PROGRAMS IN FINANCE

Department of Economics, Finance and Legal Studies

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July 2011

## *Introduction*

The finance faculty has compiled this *Guide to Graduate Programs in Finance* in order to communicate our program's goals, activities, and policies to current and prospective graduate students. Graduate study can and should be a rewarding and challenging experience. Given the wide variety of programs and diversity of courses offered in a major comprehensive university, the new or prospective student may find it difficult to select a program of study best matching the student's interests, foundation skills, and long-term career goals. Furthermore, rules and regulations are dispersed throughout different administrative documents, thereby making it difficult to completely understand requirements and options for each program. This *Guide* brings together various administrative rules and provides answers to the most frequently asked questions concerning graduate programs in finance. It augments, but does not supersede *The University of Alabama Graduate Catalog*. *The Graduate Catalog* sets forth academic policies and requirements applicable to students throughout all divisions of the University and also the particular policies and requirements of the Culverhouse College of Commerce and Business Administration. The *Guide* is not comprehensive; however, it provides greater specificity about important finance program options and requirements than does the *Graduate Catalog*. The additional details in the *Guide* are pertinent only to the finance graduate programs. The Graduate Finance Programs Committee for the Department of Economics, Finance, and Legal Studies keeps the *Guide* current and presents significant changes to the department faculty for approval.

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Dr. Robert Brooks is the graduate advisor for the MS Finance program. He can be reached at 205-348-8987 or by email at [rbrooks@cba.ua.edu](mailto:rbrooks@cba.ua.edu).

## **I. The Department of Economics, Finance, and Legal Studies**

The department offers separate masters (MS) and doctoral (Ph.D.) degrees in economics and finance with a combined faculty. The integration of finance and economics is a distinguishing mark of our programs. The faculty, who specialize in many sub-disciplines of economics and finance, provide students a breadth of training with exposure to both fields. The faculty has a solid record of scholarly research published in major professional journals and are active participants at national and international conferences. A separate departmental report, *Faculty Research Profiles*, lists the faculty, their backgrounds, and research interests. This report is available upon request.

The department faculty are productive researchers and effective teachers because the College and University provide positive support for research and teaching. There is extensive access to databases, computers, computerized classrooms, specialty software, research stipends, travel support, bibliographic resources, and so forth. The physical plant for the Culverhouse College of Commerce and Business Administration consists exclusively of state-of-the-art facilities: Alston Hall opened in 1991 has faculty offices and auditoriums; refurbished Bidgood Hall opened in 1994 has graduate student offices with individual computers, conference rooms, and general purpose classrooms; the Angelo Bruno Business Library opened in 1994 and provides access to on-line information resources, corporation reports, hundreds of periodicals and serials, licenses for some fifty business databases, thousands of electronic journals, and approximately 194,000 book volumes; the Bashinsky Computer Center opened in 1994 provides

access to laboratory classrooms, a network of personal computers and software, and expert consulting services.

Several research institutes lie within the Culverhouse College of Commerce and Business Administration and are pertinent to graduate programs in finance: The Center for Business and Economic Research (CBER) serves as the central reservoir within the state of Alabama for business, economic, and demographic data. CBER originates independent research projects and seeks contracts and grants for research by faculty and graduate students.

In conclusion, the graduate programs in finance offered by the Department of Economics, Finance, and Legal Studies blend the strengths of its faculty, both theoretical and empirical, with the unique resources provided by the College and the University. The programs are rigorous and contemporary. By accepting talented graduate students into its programs, the department moves toward its objective of training individuals to better serve society.

## **II. Overview on Graduate Studies**

### ***A. Admissions***

Admission decisions are made by relying on test scores (Graduate Management Admissions Test, "GMAT"), the grade point average and content of previous collegiate work, letters of recommendation, and the applicant essay (Statement of Purpose) contained within the Graduate School application.

Students are advised to consult the detailed information about the application process contained in the *Graduate Catalog*. The catalog and an application may be obtained electronically at the Graduate School's website at [www.graduate.ua.edu](http://www.graduate.ua.edu).

The choice of undergraduate major does not preclude successful completion of graduate studies in finance. It is important to realize, however, that most graduate finance courses assume that all students are familiar with a common core of fundamental concepts in accounting, statistics, calculus, linear algebra, economics, and finance. Students with deficient backgrounds in

these core courses, especially calculus and microeconomics, should prepare for the graduate courses, prior to commencing the program. Either through self-study or formal registration/audit students should master the content of foundations courses in accounting, calculus, statistics, economics and finance. Selected courses include:

- AC 210-Introduction to Accounting
- MA 121-Calculus and Its Applications or MA 125-Calculus I (prefer MA 126-Calculus II, MA 227-Calculus III and MA 237-Linear Algebra and Matrix Theory.)
- ST 260-Statistical Data Analysis
- EC 308-Intermediate Microeconomics
- EC 309-Intermediate Macroeconomics
- FI 302-Business Finance

1. *Expedited Admission*

Undergraduate finance majors enrolled at The University of Alabama who have completed at least 91 hours and have an overall GPA of 3.0 or better may be eligible for a simplified admission process. An expedited application is available at the graduate school website at [www.graduate.ua.edu](http://www.graduate.ua.edu) . For additional information, contact Debra Wheatley, by telephone: 205-348-6683, or by e-mail: [dwheatley@cba.ua.edu](mailto:dwheatley@cba.ua.edu) .

2. *Admission to the Masters as a Step Toward the Ph.D.*

Admission standards are more stringent for the Ph.D. than for the Master of Science in Finance (MSF). Some applicants qualified for the MSF program may not be qualified for the Ph.D. The applications for the MSF and Ph.D. programs are independent. An applicant denied admission to the Ph.D. is not automatically considered for the MSF. The applicant desiring admission for the Ph.D. and believing they are qualified, should make application to the Graduate School for admission to the Ph.D. program. On the other hand, a student desiring the Ph.D. yet

believing their application too weak to warrant admission may elect to make application to the Graduate School for admission to the MSF program. After achieving exceptional performance in the MSF coursework, the student then might be able to present a stronger application for the Ph.D. program. The Department does not guarantee that students successfully completing the MSF program will be admitted into the Ph.D. program.

3. *Seniors in The University of Alabama taking Graduate Courses*

A senior who lacks fewer than 30 hours to complete the requirement for a bachelor's degree and who has at least a 3.0 overall grade point average may petition the department head to take a graduate course in finance. A senior who is not a part of the University Scholars Program may accumulate no more than 9 hours of graduate credit. For students not in the University Scholars Program, taking graduate courses as a senior does not reduce the number of credit hours required to obtain the MSF; the student may be in a position, however, to waive requirements if indeed they subsequently enter the MSF program.

4. *The MBA and Graduate Courses in Finance*

Students in the MBA program are eligible to take graduate courses in Finance. The MBA program is not administered through the Department of Economics, Finance, and Legal Studies, nor is the department directly involved in the admissions process for the MBA. Students in the MBA program are required to take Financial Management (FI 504). Furthermore, students intending to concentrate in finance must take at least four additional courses in finance. Students interested in more information about the MBA may contact The MBA Program, Manderson Graduate School of Business, (205)-348-9122, Box 870223, University of Alabama, Tuscaloosa, AL 35487-0223.

## ***B. Financial Aid***

Assistantships are held by most Ph.D. students in our graduate program and by a few MSF students. Assistantships require 10 hours ("quarter-time") or 20 hours ("half-time") per week as a research, teaching, or classroom assistant. For international students, a minimum TOEFL of 213 computer-based, 550 paper-based, 79 internet-based or the equivalent of the new TOEFL (IELTS), is required for a teaching assistantship. The IELTS minimum score for admission to a degree program or non-degree is 6.5. International students must attend and pass the course at the English Language Institute in order to renew an assistantship. (See the *Graduate Catalog* for information on the Institute.) Assistantship experience is considered an integral part of the academic training in the Ph.D. program and often is desirable in the MSF program.

Fellowships, assistance for minority students, and other financial aid programs such as work-study and loans generally are available through the University or other external agencies. A number of our students have received Graduate Council Fellowships, which are administered by the University Graduate Council on a competitive basis. In recent years, a GPA of 3.75 and test scores in the 95th percentile were required to be considered for Graduate Council Fellowships.

### *Assistantship Renewal*

Once an assistantship is awarded there is no guarantee that it will be renewed. Satisfactory performance of assistantship duties and maintenance of academic standards usually are sufficient to warrant renewal. Decisions concerning renewal are made on a semester-by-semester basis. The department does not normally award an assistantship to students after their fourth year in the program.

Students awarded assistantships are required to maintain their eligibility. The criteria for continued eligibility include maintaining a "B" average in their finance major field courses, satisfactory performance evaluation by faculty of assistantship duties, active participation in department seminars, and, when appropriate, passing the Ph.D. examinations. International

students must attend and pass the course at the English Language Institute during their first semester. Students not maintaining their eligibility may have their assistantship revoked or reduced.

### **III. The Master of Science in Finance Degree**

#### **A. *Mission Statement***

The mission of the Master of Science in Finance (MSF) is to provide a thorough training in the principles of finance and in the analytical skills needed to apply these principles in practice. We strive to maintain our position as the preeminent finance program in the state of Alabama and to provide an education whose quality is nationally recognized. We are committed to providing students with the skills necessary to adapt and to excel in the ever-changing financial marketplace.

#### **B. *Vision Statement***

Today's finance professionals must be able to adapt as never before to continually changing financial markets. For this reason, we seek students with strong fundamental skills for the purpose of teaching quantitative techniques and showing how they can be applied to practical financial problems. Our goal is to supply the industry with students who are not only well-trained in current financial methods, but who possess the knowledge necessary to design new techniques and develop new solutions as dictated by market needs.

Quality financial education requires more than strong technical skills; it also requires a keen intuition for diagnosing problems and effective communication of their solutions. Students must develop the creative ability to assess relevant facts, analyze available alternatives along with their associated risks, and to make rational decisions.

To instill this creative ability in our students requires an innovative faculty; therefore, we strive to maintain a faculty that is active in quality research as measured by publications in highly regarded academic journals. We value having a diverse faculty whose members are nationally and

internationally recognized as leaders in their fields of specialization. We also recognize the need for faculty members and for students to have first-hand knowledge of business practices. The department seeks to maintain close contact with the business community through applied research and by exposing students to successful members of the business community.

**C. *Degree Requirements for the Master of Science in Finance***

The MSF requires 30 hours of coursework. The courses are listed below.

1. *Seven required courses (21 credit hours) include*

FI 510, Financial Management  
 FI 512, Money and Capital Markets  
 FI 515, Quantitative Investment Analysis  
 FI 522, Bank Administration  
 EC 508, Microeconomic Theory  
 EC 509, Macroeconomic Theory  
*either one of these quantitative requirements*  
 EC 570, Mathematical Economics, EC 571, Econometrics or  
 EC 513, Economic Forecast & Analysis

Because students arrive in the MSF with a wide variety of backgrounds, we attempt to accommodate this diversity. For example, if you have a finance undergraduate degree, you need to course substitute out of FI 510 *Financial Management*. (Course Substitution Forms are available in 200 Alston). Because our MSF is an applied degree, we recommend that students take EC 513 *Economic Forecasting* instead of EC 570 unless you are trying to finish in the August to May curriculum. If you plan to complete the degree in May, which is very beneficial for job hunting, we have designed a curriculum that begins in early August. You must complete a specially designed concentrated course section of EC 570 *Mathematical Economics* prior to the beginning of the fall semester. The EC 570 course is a required course and is a part of your fall course schedule although it begins in early August before the fall term actually begins. This will allow you to be well-prepared for subsequent courses, as well as complete your program in May. This is a very demanding schedule of coursework, but it can be done.

You will take four courses in the fall and four in the spring. You will also receive course credit for managing a real stock portfolio during the entire year. The portfolio class is FI 596 taught by Pedro Verdu. There are three sections of FI 596 with Pedro Verdu, Section 001 is for one credit hour, Section 002 is for two credit hours and Section 003 is for three credit hours. Please make sure that you register for the proper course according to the number of hours you need. Although this class is taken in both the fall and spring semesters **you only register for it in the spring semester**. The MSF comprehensive exam requirement is successful completion of the portfolio course (see section G).

Students must satisfy the normal prerequisites listed in the catalog for the above required courses. The prerequisites include introductory business or corporate finance, economics, accounting, statistics, and calculus. Students that have not satisfied the catalog prerequisites should consult with the graduate advisor before commencing the program.

Elective courses are chosen with the advice and consent of the department's graduate advisor Dr. Robert Brooks. He can be reached at [rbrooks@cba.ua.edu](mailto:rbrooks@cba.ua.edu) or by telephone 205-348-8987. For scheduling, however, students should keep in mind some important points:

- (1) At least 18 of the total hours must be taken in finance; the curriculum above satisfies this requirement.
- (2) Students may satisfy the requirements by taking more advanced versions of courses as follows:

EC 610 in place of EC 508  
EC 611 in place of EC 509  
FI 601 in place of FI 510

- (3) A maximum of six hours of coursework may be taken at the 400 level with an approved Course Substitution Form.
- (4) When the MSF is a step toward the Ph.D., see "Considerations when the Masters is a Step Toward the Ph.D." on page twelve.

## ***D. Tracks***

With the three elective courses, students can custom-design their program to suit their needs. The following are examples of formal tracks that students can pursue.

### ***1. Financial Policy Track***

With the increasing importance of financial decision making, the demand for people with the ability to make these decisions and to convincingly present them to upper level decision makers or corporate clients has grown. Responding to this demand, The University of Alabama's Department of Economics, Finance and Legal Studies offers a sequence of classes focusing on modern techniques for solving business and financial problems.

The Financial Policy Track within the MSF program is designed to offer advanced applied expertise in financial decision making. The main focus of this track is analyzing and solving financial and strategic business problems. Students selecting this concentration will have the opportunity to apply financial concepts to real world business problems focusing on areas of business finance that are often not addressed in undergraduate finance curricula. This program is designed to provide students with the more advanced background necessary to work in the problem solving area in a major corporation, in the business consulting area with an investment banking firm, or in setting up and running the financial aspects of a small business enterprise.

Couched within the highly rigorous MSF, the general course sequence is as follows:

<b>FALL</b>	<b>SPRING</b>	<b>SUMMER</b>
FI 510 Financial Management	FI 512 Money and Capital Markets	Elective
FI 515 Quantitative Investment Analysis	FI 522 Bank Administration	Quantitative Requirement
EC 508 Microeconomic Theory	EC 509 Macroeconomic Theory	
FI 505 Corporate Valuation	FI 506 Mergers and Acquisitions	

FI 505 Financial Policy provides the opportunity to apply finance theories to practical corporate financial issues. Emphasis is placed on analyzing issues dealing with corporate finance; then making decisions to resolve the issues or problems involved. The cases involve actual

companies which provide “hands on” experiences dealing with “real world” financial problems, analysis, and decisions.

FI 506 Mergers and Acquisitions introduces students to the world of mega deals and hostile takeovers. In addition to giving the student an overview of merger mania, the course also begins to prepare the student to participate in the financial aspects of takeover contests. Each student prepares a series of papers which applies concepts learned in class to a real world takeover contest. Toward the end of the semester, the students are separated into groups with some groups representing target company board of directors and other groups representing bidding companies. These groups then participate in a mock takeover battle.

## ***2. Financial Risk Strategy Track***

With the explosive growth of derivative contracts such as options, futures and swaps, as well as an ever expanding set of newly designed securities such as mortgage-backed securities and structured notes, the demand for people with distinct competencies in this subject area has grown. Responding to this demand, the University of Alabama’s Department of Economics, Finance and Legal Studies offers a program focusing on modern techniques for managing financial risk.

The Financial Risk Strategy Track within the MSF is available to students with a strong quantitative mathematics background. This track is designed to offer advanced applied expertise in financial engineering. The main focus of this track is mastering modern techniques for managing financial risk. Students selecting this concentration will have the opportunity to be trained in state-of-the-art techniques in valuing and using derivative securities, with a particular emphasis on mortgage-backed securities, structured notes and computer-based solution design within an object-oriented framework.

Couched within the highly rigorous MSF, the general course sequence is as follows:

<b>FALL</b>	<b>SPRING</b>	<b>SUMMER</b>
FI 510 Financial Management	FI 512 Money and Capital Markets	Elective
FI 515 Quantitative Investment Analysis	FI 522 Bank Administration	Quantitative Requirement
EC 508 Microeconomic Theory	EC 509 Macroeconomic Theory	
FI 519 Financial Derivatives	FI 520 Advanced Financial Derivatives	

FI 519-Financial Derivatives addresses advanced quantitative analysis designed to improve managing financial risks such as adverse stock price movements, adverse interest rate changes, and adverse commodity price changes, with specific attention given to employing futures, options and swap contracts. Attention is given to fundamental pricing technologies such as arbitrage, binomial lattices, and methods involving geometric Brownian motion. General institutional details are given in a global context. Many valuation problems, such as pricing interest rate swaps, are illustrated using spreadsheet technology.

FI 520-Advanced Financial Derivatives extends the FI 519 material by introducing advanced methodologies of valuing and managing financial derivative contracts, including numerical integration, lattice approaches, and simulation. A particular emphasis is given to implementing these methodologies as computer programs. Attention is given to lattice technologies of interest rate contingent claims such as Black, Derman and Toy, Hull and White, and others. This course also illustrates valuation procedures involving Monte Carlo simulation. This procedure is widely used to value mortgage-related securities.

### **3. *Real Estate Track***

The real estate track is designed to provide students interested in real estate related careers with a rigorous background in real estate fundamentals, including real estate finance, valuation, real estate taxation and investment analysis. Students will also be introduced to property management and land use and development concepts in order to support multiple career development paths.

Interdisciplinary courses covering asset and portfolio analysis, banking, quantitative methods, and economics support the real estate track, which is structured to encourage analytical thinking, creative problem solving, and strategic decision making.

<b>FALL</b>	<b>SPRING</b>	<b>SUMMER</b>
FI 510 Financial Management	FI 512 Money and Capital Markets or FI 436 Real Estate Financing	Elective
FI 515 Quantitative Investment Analysis	FI 522 Bank Administration	Quantitative Requirement
EC 508 Microeconomic Theory	EC 509 Macroeconomic Theory	
FI 534 Seminar in Real Estate	FI 535 Real Estate Investment & Dev.	

FI 534- Seminar in Real Estate, covers real estate fundamentals, including real property law, the structure of commercial real estate transactions, basic real estate financing methods, real estate brokerage, property management, and real estate market analysis. Taught primarily as a survey course, classroom lectures are supplemented with frequent presentations and seminars by leading real estate executives. Such professional and practitioner participation results in a focused integration of theory and practice.

FI 535-Real Estate Investment and Development focuses on the measurement of risk and return to real estate investments, with an emphasis on investment performance criteria and the techniques used to analyze and finance income-producing properties. Real estate equity and debt securitization, REITs, and other real estate related investments topics will also be covered. Class lectures will be supplemented by case studies and real estate investment analysis software applications.

Recommended electives include LGS 407-Real and Personal Property Law and FI 432-Real Estate Appraisal. Any 400-Level course taken requires an Approval of 400-Level Course for Master's Degree Credit for to be filled out prior to taking the course. Forms are available in Alston 200. Please return completed form to Debra Wheatley, 204 Alston.

***E. Considerations when the Masters is a Step toward the Ph.D.***

When the student intends to pursue the Ph.D. after completion of the MSF, certain variations of the above curriculum are advisable.

The first year of studies for the Ph.D. satisfies some but not all MSF requirements. Because the Ph.D. curriculum replaces many of the MSF required courses with their more advanced versions, the Ph.D. student should follow the Ph.D. curriculum. The director of the MSF program may approve course substitutions for MSF required courses to facilitate this.

The MSF students typically register for four courses per semester whereas the Ph.D. students with half-time assistantships typically register for only three courses. The student in the MSF program that intends to enter the Ph.D. program may elect to take only the three Ph.D. courses, or they may register for a fourth course, such as FI 519 or FI 522, and so forth.

The MSF student having completed the first year's Ph.D. curriculum may sit for the *Preliminary Qualifying Exam* during August concluding the first year (see Section IV. C on Ph.D. Comprehensive Exams). A high mark on the exam and formal admission to the Ph.D. program through the Graduate School allows the student to proceed with the Ph.D. program.

Standards for admission to the Ph.D. program are high. Students in the MSF program hoping to proceed into the Ph.D. program should demonstrate superior academic performance in their coursework.

***F. Course Waivers***

Some students may possess sufficient training to waive a required course and take another graduate finance course in its place. For example, students obtaining an undergraduate degree in finance at the University of Alabama should elect to waive FI 510. The advisor and department head must give permission for a course to be waived. Forms may be picked up in 200 Alston. Please return completed form to Debra Wheatley, 204 Alston. Waiving a course does not alter the total number of required courses nor other aspects of the program.

### ***G. Comprehensive Examination***

At this time, the MSF comprehensive exam is the successful completion of the Portfolio class, FI 596. You begin the portfolio class in the fall (although you do not register for it until the spring) and carry it through the spring semester. The structure of the comprehensive examination is subject to change without notice.

## **IV. The Ph.D. Program in Finance**

### ***A. Mission Statement***

The Ph.D. program in finance prepares students to pursue research and teaching careers at institutions of higher learning or research careers in government and business. In order to properly train students, the Ph.D. program consists of courses in three areas: finance, economics, and quantitative methods (statistics and econometrics). Students completing the curriculum have solid training in financial economics. The Ph.D. Finance program instills in students the capability to:

- (1) understand prevalent research in the major functional areas of finance
- (2) identify opportunities for research in finance,
- (3) effectively conduct state-of-the-art financial research, and communicate the results thereof,
- (4) communicate financial principles to audiences consisting of students, peers, faculty, and business professionals.

The Ph.D. program requires that a student demonstrate advanced knowledge about the functional areas of finance, a minor area, and research methods. In addition, the student must demonstrate research competence by completing a dissertation representing a significant contribution to human knowledge.

Students accepted into the program are not required to have obtained an undergraduate degree in business. Before commencing the program, however, the student is advised to have

completed the undergraduate equivalent of courses in accounting, statistics, calculus, economics, and finance. Students lacking a strong foundation in economics, finance, or mathematics, or if they have been out of school for a long time, are advised to take electives in these subjects prior to taking the upper level courses.

***B. Degree Requirements for the Ph.D. Finance***

The courses listed below represent the minimum course requirements for the Ph.D. in finance. Students may take additional electives in areas such as real estate, insurance, research methods, financial engineering or other topics which will further their research interests. The required 48<sup>1</sup> credit hours may be partitioned as follows.

*Finance major field courses (24 hours)*

FI 512, Money and Capital Markets  
 FI 515, Quantitative Investment Analysis  
 FI 601, Finance Theory I  
 FI 602, Finance Theory II  
 FI 610, Seminar in Financial Management  
 FI 614, Seminar in Investments  
 FI 624, Seminar in Financial Markets  
 FI Elective

*Economics Minor (12 hours)*

EC 610 Advanced Microeconomic Theory  
 Either EC 611 Advanced Macroeconomic Theory or EC 660 Game Theory  
 EC 570 Mathematical Economics  
 EC elective

*Quantitative methods courses (12 hours): The student must select four quantitative electives with approval of the graduate advisor.*

Completion of the above curriculum satisfies the Graduate School and C&BA course requirements and automatically earns the student a minor in Economics. The economics

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<sup>1</sup> The Graduate School requires a minimum of 48 hours of course work for a Ph.D. The Manderson Graduate School Requirements are a minimum of seven courses in the major, four in the minor and four in quantitative methods. The Finance program requires EC 610, EC 611 or EC 660 and EC 570 which is ¾ of an economics minor.

program does not require a written exam for those students who pass their minor coursework with a B or better.

In scheduling electives, students should keep in mind that electives should complement the intended finance concentration area. Students must write a dissertation in a specific topic and are advised to take all electives relevant to that topic.

Many of the courses require a fair degree of mathematical proficiency. For the student with limited (or rusty) mathematical training, we suggest that MA 125-Calculus I, MA 126-Calculus II, and MA 237-Introduction to Linear Algebra or MA 227-Calculus III be completed. Likewise, students with deficient background in economics, statistics, or accounting should consider taking courses prior to commencing the program. Often, these courses are available during the summer.

*Course Loads, Sequencing, and Time Required for Completion of the Degree*

A full-time graduate load for a student with a half-time assistantship is 3 courses per semester.

The table below shows a suggested schedule for such students.

***First Year***

<b><i>Fall</i></b>	<b><i>Spring</i></b>
EC 570 Mathematical Economics (Offered in August and regular Fall Semester)	FI 512 Money and Capital Markets
EC 610 Seminar in Microeconomics	FI 601 Finance Theory I
FI 515 Quantitative Investment Analysis	Quantitative Requirement
Quantitative Requirement	

***Second Year***

<b><i>Fall</i></b>	<b><i>Spring</i></b>
FI 602 Finance Theory II/ FI Seminar*	FI Seminar
EC Minor Requirement/Elective	EC Minor Requirement/Elective
FI Elective/Quantitative Requirement	FI Elective/Quantitative Requirement

***Third Year***

<b><i>Fall</i></b>	<b><i>Spring</i></b>
FI 602 Finance Theory II/FI Seminar	FI Seminar
FI Elective/ Quantitative Requirement	FI 699 Dissertation Research (6 hrs.)†
FI Elective/Quantitative Requirement	

***Fourth Year***

<b><i>Fall</i></b>	<b><i>Spring</i></b>
FI 699 Dissertation Research (9 hrs.)	FI 699 Dissertation Research (9 hrs.)

\*FI 602 and the three finance seminars FI 610, FI 614, and FI 624 are taught in rotating semesters over two years. The actual course sequence will depend upon the year of admission.

†A minimum of 24 hours of dissertation research is required by the Graduate School for a Ph.D. A student must register for at least 3 hours of FI 699 each fall and spring semester until the dissertation is completed even if the 24 hour requirement has been met.

Students that are not on half-time assistantships may elect to register for four courses per semester during the first year. If so, then they should move forward required courses such as finance, statistics, or an economics elective into the first year.

Students take the *Preliminary Qualifying Exams* in the August following their first year; i.e., during the break between the second summer session and the fall semester. During the spring of the second year, and throughout the third year, the student develops a research program by preparing manuscripts for seminar courses, proposals and papers for conferences, and pursues independent research on potential dissertation topics.

Following completion of the second year of class work, the student is eligible to complete the *Comprehensive Exam* (see section D below). It is recommended that the student complete the Comprehensive Exam as early as possible. This allows time for completing and defending a dissertation proposal as early as possible. After passing the Comprehensive Exam, the student focuses on the dissertation and research presentations or publications.

#### *Scholastic Requirements*

Students must maintain satisfactory progress, as enumerated below, or they may be asked to withdraw from the program.

- (1) If a student's cumulative grade average falls below 3.0, or if the student earns a "D" or "F" in a graduate course, the student may be asked to withdraw from the program.

- (2) If a student's grade average in their finance major field courses falls below 3.0, or if the student earns three demerit points, the student automatically will be dismissed from the program. A grade of "C" earns one demerit point, a "D" earns two demerit points, and an "F" earns three demerit points. The student may petition the Department Program Committee to grant an exception to the dismissal policy; the Program Committee decides whether extenuating circumstances warrant the exception.

#### *Course Waivers*

In some circumstances beginning students already may possess sufficient training so that their interests would be served better by waiving a required course and instead taking another graduate finance course. The instructor of the course to be waived and the academic coordinator of the Ph.D. program must grant permission for the course to be waived. Waiving a course does not alter the total number of required courses or other aspects of the program.

#### *Participation at Department Seminars*

A requirement for assistantship renewal is that students attend the department research seminars. These seminars offer the opportunity to hear top researchers from across the nation and, on occasion, from overseas. Attendance at the seminars provides students with insight about research objectives, manuscripts, presentation style, etc. Students are encouraged to prepare manuscripts for presentation at the departmental brown-bag. Quite often, students that have manuscripts accepted for presentation at regional or national conferences use the brown-bag series as a practice session. The department strongly encourages students to develop research manuscripts for presentation at conferences. Participation at conferences is beneficial for the student's professional interests (financing for conference expenses may be available; see "Financial Aid" section.)

### **C. *Ph.D. Qualifying Examinations***

The *Preliminary Qualifying Exams (PQE)* are taken during August following completion of one full year in the program. The *PQE* asks specific problem-oriented questions that draw upon a knowledge-base that Ph.D. candidates are expected to have mastered.

*The following guidelines govern administration of the Ph.D. Qualifying exams.*

1. The Ph.D. Qualifying Exam Committee typically shall offer *Preliminary Qualifying Exams (PQE)* during the period from the end of the second summer session to the beginning of the Fall semester. Students satisfying the Scholastic Requirements described in the *Guide to Graduate Programs in Finance* will be eligible to sit for the exam once they successfully have completed FI 512, FI 515, and FI 601. The *PQE* draws upon material typically studied in the following courses:

FI 510, Financial Management,  
FI 512, Money and Capital Markets  
FI 515, Quantitative Investment Analysis  
FI 601, Finance Theory I

Students with undergraduate backgrounds in finance likely will have studied material typically contained in FI 510. This course therefore is not on the list of required courses for the Ph.D. program (see Section B, Ph.D. Degree Requirements). Students with deficient finance backgrounds should take this course prior to commencing the program.

2. The *Preliminary Qualifying Exams* will be prepared by the Ph.D. Comprehensive Exam Committee. The exam committee should seek input from the course instructors while preparing the exams. Students must register for the exam at least four weeks preceding the test date.

3. Students earning a "High Mark" on the *Preliminary Qualifying Exams* are eligible to continue in the Ph.D. program.

4. Students earning a "Low Mark" on the *Preliminary Qualifying Exams* may pursue the following courses of action:

(a). The student may elect to complete 30 hours of graduate coursework and receive a MSF degree. Course substitutions for specific MSF program requirements may be approved by the coordinator of the MSF program in order to facilitate completion of the degree in a timely manner. A “Low Mark” is regarded as a passing mark on the MSF Comprehensive Exams.

(b). If the student has two or fewer C's for all courses completed in the Ph.D. program, the student may request to retake the *Preliminary Qualifying Exams* the next time it is offered. The Ph.D. Qualifying Exam Committee will render a decision on the request.

5. Students earning a "Fail Mark" on the *Preliminary Qualifying Exams* may elect to complete course and exam requirements for the MSF degree. (See the earlier section of this document).

In addition to their program requirements, students continuing in the Ph.D. program are required to take the following four finance courses:

FI 602, Finance Theory II  
 FI 610, Seminar in Financial Management  
 FI 614, Seminar in Investments  
 FI 624, Seminar in Financial Markets

They also are encouraged to independently study classic readings in finance, to take electives in their desired specialization area, and generally to begin development of their research program. The student should prepare manuscripts (for seminar courses and otherwise) as well as conference presentations (internal and external to the department).

#### ***D. Ph.D. Comprehensive Examinations***

During the summer following the completion of the second year of coursework, the student will be required to prepare an original research paper on a topic of interest to the student. The student will secure the participation of a faculty member to serve as the primary advisor in the preparation of the research paper. Generally, this will be a faculty member with a research

interest in the student's chosen topic area. An advisor should be selected no later than May 31 following the student's second year in the program.

A first draft of the research paper must be submitted to the primary advisor no later than October 1 of the student's third year in the program. A draft which attempts to address any concerns of the primary advisor, which are to be specified in writing, should be submitted to the primary advisor and the academic coordinator of the finance Ph.D. program no later than February 1 of the student's third year in the program. A response detailing how the student has addressed the concerns of the primary advisor should be submitted with this draft.

To satisfy the comprehensive examination requirement, the student must then orally defend the research paper before a committee of the graduate finance faculty, which may be a committee of the whole but not less than four graduate finance faculty members, prior to May 1 of the student's third year in the program. The paper itself, the primary advisor's initial concerns, and the student's response to the primary advisor's concerns will be available to the committee a reasonable period of time before the presentation. The oral defense of the paper may occur within existing mechanisms for presentation of faculty and student research. Following the oral defense, the aforementioned committee will determine whether the student has successfully met the requirements of the comprehensive examination.

If the committee determines, by majority vote, that the student has failed the examination it will provide its concerns in writing to the student, who will have one additional opportunity to successfully defend the research. A revised version of the research paper with a separate response indicating how the committee's concerns were addressed must be submitted to the primary advisor and the academic coordinator of the finance Ph.D. program no later than September 1 of the student's fourth year in the program. The student must then present the revised research paper to a committee of the faculty, constituted in the manner described above,

no later than October 1 of the student's fourth year in the program. The committee determines the outcome of the second presentation in a manner similar to that described above. A second failure will result in dismissal from the program. Students dismissed for a second failure may apply for a MSF degree and are exempted from the MSF Comprehensive Exam requirement.

A student passing the comprehensive examination is eligible to defend a dissertation proposal. All dates specified herein are the latest dates at which the requirements can be met and students are encouraged to complete the research paper and orally defend it at the earliest possible date.

### ***E. The Dissertation***

Each Ph.D. student is required to write a dissertation demonstrating the ability to do independent research. The following policies apply to the dissertation phase:

Throughout the dissertation phase the student must register and complete a minimum of 24 hours of "dissertation research" (FI 699).

The Department Head officially appoints the Dissertation Committee. The students ask a faculty member to serve as chairperson of his/her Dissertation Committee, after the student has passed the *Comprehensive Exams*. Other faculty members are selected by mutual agreement between the student and faculty member. The Committee is composed of not less than five members with no more than three from the finance faculty and no fewer than one from outside the Department.

The Committee Chairperson arranges a formal "Proposal Defense." The student should obtain from The Graduate School the form "Application for Admission to Candidacy." The Proposal Defense is a preliminary oral examination during which the student orally presents and defends the proposal. The Committee may question the student's knowledge of the dissertation topic as well as the major, minor and quantitative areas. In unusual circumstances the Committee

may direct the student to prepare further for the Proposal Defense and another meeting may be scheduled.

At the Proposal Defense the Committee should provide the student with sufficient guidance so that the student understands Committee's expectations about research to be performed for completion of the dissertation. Upon successful defense of the proposal the Committee members sign the "Application for Admission to Candidacy," the form then is forwarded to the C&BA Dean for signature, and finally to The Graduate School. When the Dean of the Graduate School has signed the form the student is admitted to candidacy and has obtained "ABD" status (all but dissertation).

The student works on completing the dissertation in consultation with the Dissertation Committee. At some point the Committee chairperson schedules a final oral examination during which time the student must present and defend the dissertation. At least ten days prior to this "Dissertation Defense" the Committee chairperson must notify the Dean of the Graduate School of the day, time, and room of the defense. The chairperson also must invite the college faculty to the Dissertation Defense and the student must make a copy of the dissertation available to all faculty (for example, leave one with the department secretary). Upon successful defense of the dissertation the appropriate forms must be signed by the Committee and forwarded to The Graduate School.

It is the student's responsibility to maintain contact with The Graduate School and be sure that all requirements, deadlines, forms, etc., are properly completed and submitted.