

Course Outline

Course Code	RSM 430H1 F
Course Name	Fixed Income Securities
Term, Year	Summer-F 2026
Course Meets	Tuesdays & Thursdays 3:00 pm – 5:00 pm
Web page URL	https://q.utoronto.ca

Instructor Details

Name	Email	Office Hours	Virtual Office Link
Ray Daroga	Ray.Daroga@rotman.utoronto.ca	By appointment	By appointment

Course Description

This course on capital markets delves into the essential aspects of fixed income securities and markets. It emphasizes traditional bond and term structure concepts, pricing, interest rate risk measures, and hedging approaches. Additionally, the course covers corporate bond markets, including credit risk and capital structure, while also integrating discussions on current events and securities that impact market dynamics.

Learning Outcomes

By the end of this course, students will be able to:

- Describe and analyze fixed income securities, including their types, features, and pricing methods.
- Explain and analyze term structure concepts and how they apply to various market conditions.
- Assess and measure interest rate risk and its implications to fixed income assets.
- Evaluate corporate bond markets, focusing on credit risk assessment and capital structure implications.
- Analyze the impact of current events and emerging securities on the functioning of fixed income markets.
- Relate course concepts to real-world situations through case studies and current market analyses.

Course Prerequisites

Rotman Commerce: RSM332H1; Actuarial Science: ACT349H1.

Course Materials

Required Readings

We will not be using a textbook in this course. The slides, associated case documents, and any other materials will be posted on Quercus as required readings.

Electronic Course Materials

Rotman Interactive Trader

The Rotman Interactive Trader is a market-simulator that provides students with a hands-on approach to learning finance. It allows students to practice decision making under uncertainty in a controlled environment where they can immediately observe the outcomes of their decisions. By being able to analyze the consequences of their decisions in different situations, students can learn how to make good decisions when the future is uncertain. More information can be found at <http://rit.rotman.utoronto.ca>.

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
Participation	7% (each class journal is 1%)	Lectures
Assignment 1 (group)	8%	See class schedule
Assignment 2 (group)	8%	See class schedule
RIT Trading Results (individual)	7% (two reports, 3.5% each)	See class schedule
Midterm	30%	May 26 (7 pm – 9 pm) Location: BA 2195
Final Exam	40%	TBD

Course Format and Expectations

RIT Case Performance

RIT Case Performance provides an opportunity for students to gain hands-on decision-making abilities. Students will consistently apply their critical thinking to analyze problems presented using the RIT Case. They will also be required to translate their thinking into financial models that support real-time decision-making. For the RIT Case Performance, each student's performance over multiple simulation iterations will be computed to determine the overall individual grade. More detailed performance evaluation documents will be posted on Quercus.

Team or Group Assignments

Homework assignments require students to work in teams of **four**. Learning to work together in teams is a crucial transferable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre or by emailing rotmancommerce.teamworkhelp@utoronto.ca. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Homework Assignments

There are **two homework problem-sets**, covering different topics in the course. Doing these problem sets is essential to obtain a good understanding of the course materials. These problem sets are to be turned in and graded (each problem set will receive a grade of 0 – 4, where 0 gets no credit and 4 gets 100% credit). The two problem-sets account for 16% of the final grade and they will be important determinants in borderline cases. You are encouraged to work in groups of four students on the problem sets (you may form groups across sections if applicable). **Assignments are due by 9:00 am on the due date.** Except for unusual circumstances, grades on homework assignments are final and re-grading requests will not be accepted.

Mid-Term Test

There will be an in-person term test related to the course material worth 30% of the final mark. Further information will be posted on Quercus.

Final Exam

The final exam will be comprehensive, covering all material in the course. It is worth 40% of the final mark. Further information will be posted on Quercus.

Class Participation

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promoting further discussion
- Respectful active listening
- Attentiveness

While attendance is necessary for students to participate in class discussions, attendance on its own will not result in a high participation grade. Students must actively contribute and participate by exhibiting the components listed above. **More information about participation marks will be posted on Quercus.**

Rotman Commerce Attendance Policy

Rotman Commerce students are expected to make every effort to attend each class. Infrequently, students may miss term work, e.g., quizzes, assignments, etc., due to unplanned and extenuating circumstances and must follow the Request for Special Consideration process as outlined in their course outlines. However, Rotman Commerce will not approve any Request for Special Consideration for participation marks for missed classes. Any such request will be denied.

Missed Tests and Assignments

Students who miss a term test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration **within 2 business days** of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), [Verification of Illness Form](#) etc.

Please note: Students may use the Absence Declaration on ACORN ***one time per term*** to report an absence and request consideration. **Any subsequent absence will require a Verification of Illness form or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

RIT Case: There will be **no make-up for the RIT Case Performance**. Students who miss the RIT Case Performance for valid documented reasons with an approval will have their grades re-allocated to their final exam.

Assignments & Midterm: There will be **no make-up assignments (problem-sets) or midterm test**. Students who miss an assignment or term test for valid documented reasons with an approval will have marks reallocated to the subsequent deliverable of a similar nature (e.g. marks for the mid-term test will be reallocated to the final exam).

Final Exams: If you miss the final exam in this course for a legitimate reason (illness, etc) you will need to contact your College Registrar to file a petition for a deferred exam. This deferred exam will be written at a later date as established by the Faculty of Arts & Science. Instructions can be found here: <https://www.artsci.utoronto.ca/current/faculty-registrar/petitions-appeals/preparing-petition>

Late Assignments

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 1% of the overall course grade if the assignment is not received on the specified date, at the specified time. A further penalty of additional 1% deduction will be applied to each subsequent day until the assignment is received or the allocated grade becomes zero as a result.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or visit the [Accessibility Services website](#) for more information as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Generative AI / ChatGPT

Students are encouraged to make use of technology, including generative artificial intelligence tools, to contribute to their understanding of course materials. Students may use artificial intelligence tools, including generative AI, in this course as learning aids or to help produce assignments. However, students are ultimately accountable for the work they submit. Students must submit, as an appendix with their assignments, any content produced by an artificial intelligence tool, and the prompt used to generate the content. Any content produced by an artificial intelligence tool must be cited appropriately. Many organizations that publish standard citation formats are now providing information on citing generative AI (e.g., MLA: <https://style.mla.org/citing-generative-ai/>). Students may choose to use generative artificial intelligence tools as they work through the assignments in this course; this use must be documented in an appendix for each assignment. The documentation should include what tool(s) were used, how they were used, and how the results from the AI were incorporated into the submitted work.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have any questions about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule

Session	Date	Topic	Readings
1	May 5, 2026	Lecture 1 - Overview of The Fixed Income Market, Participants, Bond Features & Structures	Lecture Slides
2	May 7, 2026	Lecture 2 - The Nominal Yield Curve & Interpolation	Lecture Slides
3	May 12, 2026	Lecture 3 - Building the Yield Curve: Government Bond Auctions & Repo Transactions	Lecture Slides
4	May 14, 2026	Lecture 4 - Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping	Lecture Slides
5	May 19, 2026	Lecture 5 - Measuring Interest Rate Risk: Duration, Convexity	Lecture Slides
6	May 21, 2026	Lecture 6 - Corporate Bond Market: Credit & Capital Structure Assignment #1 due by 9:00 am	Lecture Slides
7	May 26, 2026	Lecture 7 – No lecture Midterm on May 26 (7 pm – 9 pm) Location: BA 2195	Midterm Covers Lectures 1 - 5
8	May 28, 2026	Lecture 8 - Interest Rate Risk: Yield Curve Trades, and Introduction to RIT Fixed Income Cases	Lecture Slides, RIT Help Files & FI 5&6 Case Docs
9	June 2, 2026	Lecture 9 - Other Yield Measures: Embedded Calls & Puts	Lecture Slides
10	June 4, 2026	Class 10 - RIT: Fixed Income Case 5 (Yield Curve) Rotman Fixed Income Trading Session will be held in the BMO Lab (105 St George Street, 2nd Floor) during regular class hrs.	RIT FI 5 Case Docs
11	June 9, 2026	Lecture 11 – Securitization - Structuring Basics Trading Report (RIT Fixed Income Case 5) due by 9:00 am	Lecture Slides
12	June 11, 2026	Class 12 - RIT: Fixed Income Case 6 (Credit Risk) Rotman Fixed Income Trading Session will be held in the BMO Lab (105 St George Street, 2nd Floor) during regular class hrs. Assignment #2 due by 9:00 am	RIT FI 6 Case Docs
	June 15, 2026	Trading Report (RIT Fixed Income Case 6) due by 9:00 am	

Please note that the last day you can drop this course without academic penalty is June 1, 2026

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)
- [Where to find teaching assistant opportunities](#)

URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>