

Course Outline

RSM 430 H1F

Fixed Income Securities

Fall 2020

Course Meets:

	Mondays	Tuesdays
Section L0101	9am to 11am	
Section L0201	11am to 1pm	
Section L0301/L2001		9am to 11am
Section L0401		11 am to 1pm

Course Delivery:

This course will be offered **online synchronously**. Students are expected to attend their scheduled section time via Quercus/BB Collaborate.

Instructor: Fotini Toliás
Email: fotini.tolias@rotman.utoronto.ca
Office Hours: TBA, online hours for one hour per week
Teaching Assistant: TBA

Course Scope and Mission

This is a capital markets course that describes important fixed income securities and markets. It will emphasize traditional bond and term structure concepts as well as current events and/or securities affecting the functioning of these markets.

Course Prerequisites

Rotman Commerce: RSM332H1, Actuarial Science: ACT349H1

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.

Required Technology

For Fall-Winter 2020-21, this course may be conducted entirely online. To participate fully and to complete the course successfully, you must ensure you have a computer with a working webcam, microphone and reliable access to an internet connection. For further details, please visit this link: [Recommended Technology Requirements for Remote/Online Learning](#)

Required Readings

- Frank J. Fabozzi, **Bond Markets, Analysis, and Strategies**, Pearson (9th Edition), ISBN-13: 9780133797138:
 - The e- book is available in Pearson website: <https://www.pearson.com/store/p/bond-markets-analysis-and-strategies/P100000193393/9780133797138>
 - Package of 3 case studies (RSM430HF Fixed Income Cases) that are available for purchase and download on this link: [to be completed]

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he, they or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Class participation/attendance	5%	
Assignment A1 (Group)	5%	September 29th, by 11:59 pm
[3] Quizzes	45%	Dates TBD
Assignment 2 (Group)	5%	November 24th, by 11:59 pm
Final Term Test	40%	Date TBA

Course Format and Expectations

Written Assignments:

Please note that **clear, concise, and correct writing** will be considered in the evaluation of Assignments 1 & 2. You may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (studentlife.utoronto.ca/asc) or one of the College Writing Centres (writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Assignments 1 & 2 require students to work in teams of **3 students**. **The student groups for Assignment 1 have already been created on Quercus.** Student groups of 3 will also be created for Assignment 2.

Working as a team is challenging; this is true both in the real world and in your academic classes. However, learning to work together in teams is an important aspect of your education and preparation for your future careers. You are encouraged to review the teamwork resources available to all Rotman Commerce students at <https://rotmancommerce.utoronto.ca/teamwork-resources> while navigating these challenges, but keep in mind that supports are also available for when you think you may need extra help.

New in the 2020-2021 academic year, the Rotman Commerce Centre for Professional Skills (RC-CPS) will offer appointments with Teamwork Mentors for any teams encountering

challenges in their teamwork. Some possible reasons you might book an appointment with a Teamwork Mentor include:

- Team members have identified constraints on their time, work or accommodations they require that conflict with necessary timelines for the team.
- Teams are unsure how to divide their workload for a team project.
- Teams are concerned about how to integrate the individual contributions of each member and how to ensure team members are contributing equally.
- Teams are concerned about how to ensure all group members are aware of academic integrity guidelines (e.g. properly attributing sources) and follow them.
- Teams would like to be able to communicate more effectively with each other, particularly when navigating a remote work academic environment.

To book a meeting with a Teamwork Mentor, send an email to rotmancommerce.teamworkhelp@utoronto.ca with the course code (e.g. RSM100) and team number (if available) in the subject line of the email. Any member of the team may reach out individually to book an appointment, but we also encourage teams to book their appointments as a team. You will normally receive a response within 24-36 hours, but note that during busy times of the semester the waiting period may be longer. Be proactive in booking your meeting, and do so **as soon as** challenges arise!

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, you should consult with your Accessibility Advisor about this course. For considerations pertaining to teamwork and accessibility, please see information in the section on Accessibility Needs below under the Policies and Procedures heading.

Electronic Course Materials

This course will be using the following electronic course materials:

- E-book : Frank J. Fabozzi, ***Bond Markets, Analysis, and Strategies***, 9th edition, Pearson
- Course pack of 3 case studies ***RSM 430HF Fixed Income Cases*** (Harvard Business Publishing Education)

These materials will cost a total of approximately <\$93.00> Cdn dollars. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Credit/No-Credit Option in Rotman Commerce

You may request to Credit/No-Credit (CR/NCR) an RSM course in the following cases only:

- The course will not be used for any specialist or focus, including the 8.0 RSM FCE requirement.
- The course does not have a group work component.

If you wish to request CR/NCR for an RSM course, you must contact a Rotman Commerce academic advisor by the drop deadline for the current term. **The deadline for this term is November 9, 2020.**

Final approval is on a case-by-case basis with the permission of the Director, Rotman Commerce.

For Final Term Test:

Online Proctoring / ProctorU®: The final term test (on-line) within this course may use online invigilation provided by ProctorU, an online proctoring service that allows completion of the assessment from an off-campus location. In all cases, remote recordings and desktop monitoring of the exam will be made and reviewed and held for a limited period of time in order to ensure academic integrity is maintained. With live proctoring, the remote recordings and desktop monitoring are overseen by a highly-trained human proctor who closely monitors students during the entire exam. The University of Toronto has an institutionally endorsed agreement with ProctorU that protects the privacy of the recordings, and other personal information.

- **Set-up requirements:** Access to a computer that can support remote recording is your responsibility as a student. You will need to ensure that you can complete the exam using a reliable computer (tablets are not supported) with a webcam and microphone available, as well as a high-speed internet connection. Please note that you will be required to show your TCard prior to beginning to write the exam. Detailed information is provided [here](#) and will be provided prior to the exam date and an opportunity to test your set up will be provided.
- **Academic integrity and requirements during the exam:** Students taking their examinations online must agree to be proctored by ProctorU throughout the duration of the exam. **All components** of the online proctoring service must be maintained for the duration of the exam. With live proctoring, the human proctor may reach out to the student if they lose the ability to proctor the exam (camera view obstructed/loss of remote desktop view etc). If the proctor contacts the student during the exam through a pop-up message, voice, or a loud beep, the student is expected to respond to the proctor. **Failure to respond to the proctor and/or failure to maintain all components of the online proctoring service during the exam threatens the integrity of the exam** and will be investigated to determine whether an academic offence has been committed as per the [Code of Behaviour on Academic Matters](#). At the completion of the exam, a report of student exam-taking behaviours is generated. Exam grades will NOT be released to students until the integrity of the exam has been verified through ProctorU, the instructor and Rotman IT staff.

For additional information about online proctoring please see course information in Quercus, or visit [U of T Online Proctoring Guidelines](#). For more information on the University of Toronto's *Code of Behaviour on Academic Matters*, see the section on Academic Integrity below.

Weekly Schedule - L0101 and L0201 Mondays 9-11 am and 11am-1 pm

Session	Date	Topic	Readings
1	Sept 14	Lecture 1: Overview of the fixed income market, participants, bond features & structures Lecture 1A: Bond Valuation	Chapters 1,2; bond valuation video;
2	Sept 21	Lecture 2: The Nominal Yield Curve & Interpolation	Chapter 3, Class Notes
3	Sept 28	[Start of Class: Quiz 1 Bond Valuation & Yield Curve - 40 min] Lecture 3: Building the Yield Curve: Government Bond Auctions & Repo Transactions	Chapters 1,2,5,6 Class Notes
		Submit Group Assignment 1 by 11:59 pm on Tues. Sept 29th	
4	Oct 5	Discuss Case 1: Bond Valuation Lecture 3: Building the Yield Curve: Government Bond Auctions & Repo Transactions	Chapters 1,2,5,6 Class Notes
	Oct 12	Thanksgiving	
5	Oct 19	[Start of Class: Quiz 2 Government Bond Auctions - 40 min] Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping	Chapter 5 Class Notes
6	Oct 26	Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping Discuss Case 2 - Deutsche Bank	Chapter 5 Class Notes
7	Nov 2	Lecture 5: Measuring Interest Rate Risk : Duration, Convexity	Chapter 4 Class notes
	Nov 9 Last day to drop F term courses	Reading Week from Monday Nov 9 to Friday to Nov 13	
8	Nov 16	Lecture 5: Measuring Interest Rate Risk : Duration, Convexity	Chapter 4 Class Notes
9	Nov 23	[Start of Class: Quiz 3 Spot & forward rates, Duration & Convexity - 40 min] Lecture 6: Corporate Bond Market : Credit Ratings	Chapters 7,22 Class Notes
		Submit Group Assignment 2 by 11:59 pm on Tues. Nov. 24th	
10	Nov 30	Discuss Case 3 - Disney World Lecture 6: Corporate Bond Market : Credit Ratings	Chapters 7,22 Class Notes
11	Dec 7	Lecture 6: Corporate Bond Market: Offering Methods & Distribution	Chapters 7, 22 Class Notes
12	Dec 10	[Securitization - Structuring Basics] if timing permits	Chapter 15 Class Notes

Weekly Schedule - L0301 and L0401 Tuesdays 9-11 am and 11 am to 1 pm

Session	Date	Topic	Readings
1	Sept 15	Lecture 1: Overview of the fixed income market, participants, bond features & structures Lecture 1A: Bond Valuation	Chapters 1,2; bond valuation video;
2	Sept 22	Lecture 2: The Nominal Yield Curve & Interpolation	Chapter 3, Class Notes
3	Sept 29	[Start of Class: Quiz 1 Bond Valuation & Yield Curve - 40 min] Lecture 3: Building the Yield Curve: Government Bond Auctions & Repo Transactions	Chapters 1,2,5,6 Class Notes
		Submit Group Assignment 1 by 11:59 pm on Tues. Sept 29th	
4	Oct 6	Discuss Case 1: Bond Valuation Lecture 3: Building the Yield Curve: Government Bond Auctions & Repo Transactions	Chapters 1,2,5,6 Class Notes
	Oct 12	Thanksgiving	
5	Oct 13	[Start of Class: Quiz 2 Government Bond Auctions - 40 min] Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping	Chapter 5 Class Notes
6	Oct 20	Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping Discuss Case 2 - Deutsche Bank	Chapter 5 Class Notes
7	Oct 27	Lecture 5: Measuring Interest Rate Risk : Duration, Convexity	Chapter 4 Class notes
8	Nov 3	Lecture 5: Measuring Interest Rate Risk : Duration, Convexity	Chapter 4 Class Notes
	Nov 9	Reading Week from Monday Nov 9 to Friday to Nov 13	
	Last day to drop F term courses		
9	Nov 17	[Start of Class: Quiz 3 Spot & forward rates, Duration & Convexity - 40 min] Lecture 6: Corporate Bond Market : Credit Ratings	Chapters 7,22 Class Notes
10	Nov 24	Discuss Case 3 - Disney World Lecture 6: Corporate Bond Market : Credit Ratings	Chapters 7,22 Class Notes
		Submit Group Assignment 2 by 11:59 pm on Tues. Nov. 24th	
11	Dec 1	Lecture 6: Corporate Bond Market: Offering Methods & Distribution	Chapters 7, 22 Class Notes
12	Dec 8	[Securitization - Structuring Basics] if timing permits	Chapter 15 Class Notes

Policy and Procedure

Missed Tests and Assignments (including mid-term and final-term examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with supporting documentation this may include either your Self-Declaration of Absence on ACORN, or [Verification of Student Illness or Injury form](#) to the Rotman Commerce Office within **2 business days** of the originally scheduled course deliverable.

Students who do not provide appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed course deliverable.

Note that documentation must clearly establish that you were ill or had other circumstances that prevented you from attending on the date in question. After-the-fact reports are not sufficient.

Quizzes

Students who miss one of the scheduled quizzes will be required to take **one make-up quiz** at the end of the course (date to be determined by the instructor and the student). The weight of the missed quiz or quizzes will shift to the make-up quiz. This means the **weight of the make-up quiz can be anywhere from 15% to 45%** of the final grade for this course, depending on how many quizzes are missed. For these reasons, students should make all possible efforts to take the quizzes at their allocated times (see schedule and Quercus for details).

Final-term examination:

Students who miss their final term examination will be required to take a make-up final term examination within a specified time period.

Accommodations for travel:

Please note that **NO** accommodations will be made for travel plans. It is the students' responsibility to determine if a quiz or final term test date conflicts with planned travel. The result will be a zero (0) for that test.

Late Assignments

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day.

If students are unable to submit their work on Quercus and risk missing the deadline, then the assignment can be directly emailed to the instructor at fotini.tolias@rotman.utoronto.ca. This will avoid any penalties for late submission.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

With appropriate documentation, late assignments may be accepted if the solution key has not been posted. Otherwise, the weight of the missed assignment will be shifted to the Final Term Test in both the cases of Assignment 1 and Assignment 2.

Assignment re-grade requests:

If you have concerns about the grading of the assignment, please bring these to my attention (Fotini Tolias) within one week of the assignment being returned. Re-grade requests submitted after this time period will not be considered. Please re-submit the assignment with a written explanation of your concerns.

Accessibility Needs

The University of Toronto is committed to accessibility. 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 contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as.

For courses with deliverables that require you to work in teams, please note the following. If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, requests for extensions impact everyone in the group. As a result, requests for late submissions of any component of teamwork will require compelling reasons, advance notice, and must work for everyone in the team. You are encouraged to discuss with your course instructor, Accessibility Advisor, and other team members what you need in order to successfully complete your coursework. Additionally, the Rotman Commerce Centre for Professional Skills offers Teamwork Mentors (see section above) who can help you and your team discuss how to support you effectively and how to develop a work plan that meets the needs and constraints of all team members.

Volunteer Notetaking

If you're interested in helping to make our classroom more accessible, volunteer to be a notetaker!

Accessibility Services needs dependable volunteer notetakers to assist students living with a disability to achieve academic success. All you have to do is attend classes regularly and submit your notes consistently.

1. Register online as a Volunteer Note-Taker at:

<https://clockwork.studentlife.utoronto.ca/custom/misc/home.aspx>

2. Follow the link that says "Volunteer Notetakers"

3. Select your course and upload a sample of your notes

4. Once you have been selected as a notetaker, you'll get an email notifying you to upload your Notes.

If you have any questions or require assistance, please email as.notetaking@utoronto.ca or call 416-978-6186.

Volunteers may receive co-curricular credit or a certificate of appreciation.

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 following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question 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 resources such as 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 help.ic.utoronto.ca/category/3/utmail.html.

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.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ACORN, wait 48 hours.

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.

FIPPA Language

Notice of video recording and sharing (Download permissible; re-use prohibited)

This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session.

Course videos and materials belong to your instructor, the University, and/or other source depending on the specific facts of each situation, and are protected by copyright. In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor.

For questions about recording and use of videos in which you appear please contact your instructor.