BØK 2104 Financial and Legal Advisory Service

Program
Bachelor of Business Administration Program in Finance

Responsible for the course
Dag Jørgen Hveem, Knut Sagmo

Department
Accounting - Auditing and Law

Term
Spring

ECTS Credits
12

Objective

Basic decisionmaking skills firmly founded on financial investment theory. Only such skills enable students to develop qualified advisory competence within the investment industry. This ambition is pursued by studying the composition of traded stocks and bonds into portfolios adjusted to the individual needs of investors regarding intertemporal risk and return preferences. Of crucial importance towards this end are computer skills facilitating statistical analysis of real-world, financial data. Mastering the basics of financial investment theory, portfolio mathematics, and computing techniques represent skills upon which future investment advisors can successfully build their careers.

Prerequisites
BØK 8950 Basic Financial Management or an equivalent, introductory course.

Compulsory literature

Benninga, Simon. 2000. *Financial Modeling* . 2nd ed. Cambridge, Mass.: MIT Press.
Bankjus del I . 2000. Sandvika: Handelshøyskolen BI.
Bankjus del II . 2000. Sandvika: Handelshøyskolen BI.
All articles and material discussed during class-meetings.

Recommended literature

Ross, S.A., R.W. Westerfield, and J. Jaffe. 2000. *Corporate Finance* . 6th ed. Boston, Mass. McGraw-Hill/Irwin.

Course outline

1. Estimating stocks' historical return and risk.
2. The properties of lognormal stock prices and normally distributed returnseries.
3. Design and estimation of minimum-variance efficient portfolios' return and risk.
4. Introductory theory on financial derivatives, the Binomial model, the Black-Scholes options pricing model, and portfolio insurance.

In conjunction with the topics above; the following legal issues will be covered:
1. The law concerning financial obligations
2. The law of security and hypothecation, and the law of title registration
3. Collection
4. Legal framework for securities trading with a main emphasis on rules regarding criminal insider trading.

Computer-based tools
Data sources from the Internet. Customizing databases containing timeseries return data for stocks and bonds, interest and exchange rate data.

Course structure
72 lecture-hours during the spring term.

Evaluation
Final grade determined on the basis of the grade obtained on a five-hour, written, closed-book exam given at the end of the lecture series.
The exam covers both the financial and legal topics discussed throughout the course.

Evaluation code(s)
BØK 21041 - written exam, counts 100% towards final grade in BØK 2104, 4 credits

Aids at the examination
Interest rate tables, programmable calculator and the collection of Norwegian laws.

Makeup exam
Next regular exam.