



**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY**  
**School of Business**

**COURSE OUTLINE FOR: SECURITY ANALYSIS I**  
**TAUGHT BY: School of Business**  
**Program: Financial Management**

**FMGT3610**  
**TAUGHT TO: Corporate Finance**  
**Option : Finance**

<b>Hours/Week:</b>	<b>Total Hours:</b> 60	<b>Term/Level:</b> 3
Lecture: 2		
Lab: 2		
Other:	<b>Total Weeks:</b> 15	<b>Credits:</b> 4

Instructor: Carol Edwards Phone: 451-6751  
Office No.: SE6-379 Fax: 439-6700  
Office Hours: As posted

**Pre-requisites:** First Year Financial Management

**Course Description and Goals:**

This course is part one of BCIT's offering of the *Canadian Securities Course*<sup>TM</sup> (a registered trademark of the Canadian Securities Institute (CSI)). As such, it is a course of study which is designed to convey to those who are enrolled in it the fundamentals of investing. It includes a study of the nature and function of the stock market, the framework essential to valuing common shares and fixed income securities. In addition, portfolio management, taxation, asset allocation and economic forecasting are discussed.

The purpose of the course is to prepare the student to successfully complete the Canadian Securities Course<sup>TM</sup> exams and assignment. The primary objective of the course is to impart to the students the principles of investing.

**Evaluation:**

Security Analysis 1		Security Analysis 2 (Term II)	Proposed Evaluation
Final Examination	50%	Based on weighted average of CSI Exam I and Exam II	40%
Midterm	30%	Through BCIT	20%
Weekly in Class Assignments	20%	Through BCIT	20%
CSI Assignment	N/A	Based on CSI mark	20%
<b>Total</b>	<b>100%</b>		<b>100%</b>

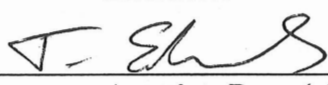


### Course Learning Outcome

*At the end of this course, the student will be able to:*

- Discuss the structure of capital markets and their function within the Canadian economy.
- Analyse the role of the Bank of Canada and various regulatory agencies in the financial markets.
- Analyse financial statements.
- Discuss the business cycle, inflation, interest rates, fiscal policy and monetary policy in the context of Canadian capital markets.
- Understand the nature of marketable securities and the factors which influence their price.
- Discuss the various methods employed to evaluate the worth of a marketable security.
- Understand the operation of stock exchanges and various financial institutions as well as the regulatory framework within which these institutions operate.
- Discuss basic financial planning and tax issues with respect to a portfolio of investments.
- Understand the design and management of a portfolio.

### Course Record:

Developed by:	<u>Carol Edwards</u>	Date:	<u>August 2001</u>
	Instructor		
Approved by:	<u></u>	Date:	<u>Oct 1, 2001</u>
	Associate Dean (signature)		

### Text(s) and Equipment

**Required:** Canadian Securities Course™ Text

### Course Notes (Policies and Procedures)

- **Assignments:** Late assignments or projects will not be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.
- **Attendance:** The attendance policy as outlined in the current BCIT Calendar will be enforced.
- **Course Outline Changes:** The material specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.
- **Ethics:** BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.
- **Illness:** A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects or exams. At the discretion of the instructor, you may complete the work missed or have the work prorated (i.e. an average is given according to your performance throughout the course).
- **Makeup Tests, Exams or Quizzes:** There will be no makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for documented medical reasons or extenuating circumstances.
- **Labs:** Lab attendance is mandatory.



### Assignment Details:

The Canadian Securities Course™ includes one Assignment, which must be completed in Security Analysis II, which starts in January, 2002:

- You must successfully complete Exam I through the CSI before BCIT can request the CSI Assignment for you.

Note that you are required to complete the CSI Assignment in order to pass Security Analysis II.

Thus, you must arrange to write, and pass, Exam I at the CSI offices by **January 4<sup>th</sup>, 2002**. This will allow BCIT to order all the assignments by January 18<sup>th</sup>, 2002.

- The CSI requires every student to complete their assignment on an individual basis. Thus, you must complete the CSI Assignment on your own and it will be delivered by BCIT to the CSI for marking by their staff. Details of how to complete and submit the Assignment to the CSI will be discussed in class.
- The CSI Assignment will be due at BCIT at the end of Security Analysis II. You will receive 20% of your marks in Securities Analysis II from the assignment. Expect the Assignment to take 45 hours, **or more**, to complete. However, many of those hours will be completed in the labs.
- In addition to the CSI assignment, there will be an in-lab assignment during every week of the course except the first week and the exam weeks. These represent 20% of your mark and are designed to prepare you to write the Canadian Securities Course™ exam. Marks for these assignments are based on attendance only, and attendance at the labs is mandatory. Because each assignment is only worth about 1.5% towards the final mark, there will be no make-up assignment if a student misses an assignment, regardless of the reason. Students may miss one assignment, with no penalty.
- The final exam for Security Analysis I will be written in the final exam week and will be administered by your BCIT instructor.

The final exam mark for Security Analysis II will be based on the weighted average of the two exams administered by the CSI. It will be your responsibility to arrange with the CSI to write these exams at their offices. Remember that it can take about two weeks for the CSI to mark your exams.

You must submit the results of your CSI exams to your Instructor, who will log the weighted average of these marks for your final exam for Security Analysis II. **Your results must be submitted to your instructor by May 17<sup>th</sup>, 2002 for you to receive credit for Security Analysis II. (Note: This means you must have written both CSI Exams by May 4<sup>th</sup>, 2002!)**

- All documents and assignments related to this course may be found on Shareout. Look in:

**SHAREOUT\FMGT\3610**



\* This schedule is subject to change at the discretion of the instructor.

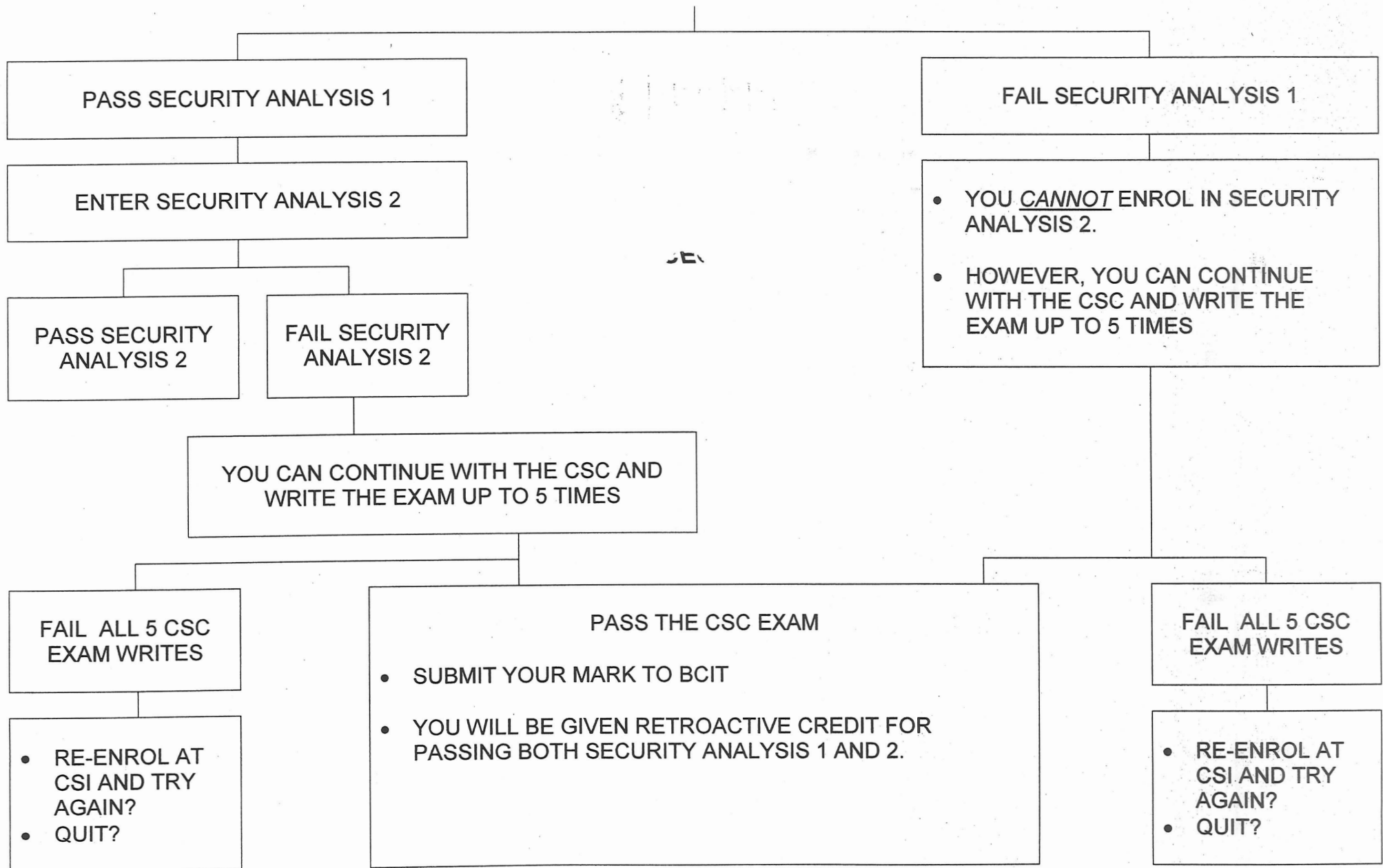
Week of	Material to be Covered	Chapter Readings
Sept. 3 <sup>rd</sup>	Introduction to capital markets	Chapter 1
Sept. 10 <sup>th</sup>	Financial markets and the securities industry.	Chapter 1
Sept. 17 <sup>th</sup>	Financial markets and the securities industry.	Chapter 1
Sept. 24 <sup>th</sup>	Financing, Listing and Regulation	Chapter 3
Oct. 1 <sup>st</sup>	Fixed income securities.	Chapter 5
Oct. 8 <sup>th</sup>	Fixed income securities.	Chapter 5
Oct. 15 <sup>th</sup>	Midterm Week.	
Oct. 22 <sup>nd</sup>	Preferred Shares.	Chapter 6
Oct. 29 <sup>th</sup>	Common Shares. <ul style="list-style-type: none"> <li>• <b>Exam on Book 1 – Administered by the CSI:</b> It will be <u>your</u> responsibility to arrange with the CSI to write, and pass, their exam at their offices by <b>January 4<sup>th</sup>, 2002</b> in order for you to receive the CSI Assignment. <b>Your Exam I results <u>must be</u> submitted to your instructor by May 17<sup>th</sup>, 2002</b> for you to receive credit for Security Analysis II.</li> </ul> <p><i>Ensure that you have proper photo ID and your CSI student number if you wish to write the CSI exam!</i></p>	Chapter 6
Nov. 5 <sup>th</sup>	Managed Funds	Chapters 7 & 8
Nov. 12 <sup>th</sup>	Managed Funds	Chapters 7 & 8
Nov. 19 <sup>th</sup>	Managed Funds	Chapters 7 & 8
Nov. 26 <sup>th</sup>	Final Exam Review.	
Dec. 3 <sup>rd</sup>	Final Exam Week.	

SCHEDULE FOR SECURITY ANALYSIS II		
Jan. 1 <sup>st</sup>	Analyzing Markets and Products	Chapter 10
Jan. 8 <sup>th</sup>	Analyzing Markets and Products	Chapter 10
Jan. 15 <sup>th</sup>	Financial planning and taxation issues.	Chapter 11
Jan. 22 <sup>nd</sup>	Financial planning and taxation issues.	Chapter 11
Jan. 29 <sup>th</sup>	Review and Midterm.	
Feb. 5 <sup>th</sup>	Portfolio management and relationship building.	Chapters 12 & 13
Feb. 12 <sup>th</sup>	Portfolio management and relationship building.	Chapters 12 & 13
Feb. 19 <sup>th</sup>	Derivative Securities	Chapter 9
Feb. 26 <sup>th</sup>	Final Exam Review.	
Mar. 5 <sup>th</sup>	CSI Assignment due at BCIT and at the CSI - date TBA	

You must arrange with the CSI to write Exam II at their offices by May 4<sup>th</sup>, 2002. You must submit the results of Exam I and Exam II to your Instructor by May 17<sup>th</sup>, 2002. Your instructor will log the weighted average of the two marks as the mark for the final exam of Security Analysis II.

*Ensure that you have proper photo ID and your CSI student number if you wish to write the CSI exam!*

## YOUR OPTIONS FOR SECURITY ANALYSIS 1 & 2







**Fax numbers:**

Calgary: (403) 265-4603  
Montreal: (514) 878-2607  
Toronto: (416) 359-0486  
Vancouver: (604) 683-6050  
Toll Free: 1-866-866-2660

**SPECIAL INSTITUTIONAL  
VERSION  
BCIT**

Office use only \$.....  
ID Num. ....  
CASH .....  
MO .....  
FC .....  
PC .....  
VISA .....  
MC .....

**General Information**

(All fields must be completed to process registration)

Language for correspondence ☐ English ☐ French SIN .....

Applicant's Name ☐ Mr. ☐ Mrs. ☐ Ms. ☐ .....

Last Name .....

First Name ..... Middle Initial ..... e-mail Address .....

Have you previously registered with the CSI? ☐ No ☐ Yes

Year ..... Student ID number .....

Have you passed any CSI courses? ☐ No ☐ Yes

Year ..... Course Title .....

**Personal mailing address (not the Institution's address)**

Street ..... Suite #: .....

City ..... Province ..... Postal Code ..... Country .....

( ) ..... ( ) ..... ( ) ..... ( ) .....

Residence phone # Residence fax # Business phone # Business fax #

Name of Educational Institution **BCIT**

For all students - please complete the following. *This information is strictly confidential.*

Sex: ☐ Female ☐ Male Age: ☐ under 25 ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55 + over

Education: ☐ High school ☐ College ☐ B.Comm./ BBA ☐ Other Bac. Degree  
☐ MBA ☐ Professional Designation ☐ Other Graduate Degree

**Reason for Enrolment (check one only please):**

- ☐ I must fulfill a regulatory requirement ☐ I want to enhance my career  
☐ I want to prepare for a career in the financial services industry ☐ I want to learn more about managing my personal investments

**Financial Services Industry experience:**

- ☐ None ☐ 0-2 years ☐ 3-5 years ☐ 6-10 years  
☐ 11-15 years ☐ 16 -20 years ☐ more than 20 years

**Employer or Occupation:**

- ☐ Investment dealer ☐ Bank ☐ Trust co. ☐ Credit union  
☐ Mutual fund co. ☐ Insurance company ☐ Government ☐ Other financial services  
☐ Non-financial firm ☐ Student ☐ Seeking employment ☐ Retired



## Course Information

### Check appropriate course and language

	<input type="checkbox"/> French	<input type="checkbox"/> English	Fee
<input type="checkbox"/> Canadian Securities Course .....	KFCSC320k .....	KECSC320k .....	\$ 360.00
<input type="checkbox"/> Professional Financial Planning Course .....	KFPFP120K .....	KEPFP120K .....	\$ 360.00
<input type="checkbox"/> Derivatives Fundamentals Course .....	KDFDC120K .....	KEDFC120K .....	\$ 300.00

### PFPC Courseware (Optional Learning Aids)

<input type="checkbox"/> Professional Financial Planning Course Workbook .....	KFPFP150K .....	KEPFP150K .....	\$25.00
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Fees include tax where applicable.

Total fee(s) included \$ \_\_\_\_\_

I have read the accompanying *How to Register* information and agree to abide by the rules and regulations outlined in it.

Signature..... Date.....

## Payment Information

Fees are payable in Canadian funds and are tax-creditable: cash, money orders, cheques, debit cards, Visa and Mastercard.

Make cheques payable to the Canadian Securities Institute. Post-dated cheques are not accepted. There is a \$25 charge applied to all NSF cheques. An NSF cheque must be replaced by cash, a money order or certified cheque.

Application and payment by cash or debit card may be made in person to any CSI office.

Application and payment by money order, or cheque, may be made in person, or mailed to any CSI office.

Application and payment by credit card may be made in person, mailed or faxed to any CSI office.

☐ VISA    ☐ MasterCard

Card number ..... Expiry Date.....

Name (please print clearly)..... Signature.....

### Faxing your application?

☐ Check box if faxing application. You may be double charged if you fax in your application and then mail in the original.

### Mail or Fax your application form to the nearest CSI office:

#### Toronto

121 King Street West,  
Suite 1550  
Toronto, ON M5H 3T9  
Tel: (416) 364-9130  
Fax: (416) 359-0486

#### Montreal

1 Place Ville Marie,  
Suite 2840  
Montreal, PQ H3B 4R4  
Tel: (514) 878-3591  
Fax: (514) 878-2607

#### Calgary

355 – 4<sup>th</sup> Avenue S.W.  
Suite 2330  
Calgary, AB T2P 0J1  
Tel: (403) 262-1791  
Fax: (403) 265-4603

#### Vancouver

Suite 1350, P.O.Box: 11574  
650 West Georgia St.  
Vancouver, BC V6B 4N8  
Tel: (604) 683-1338  
Fax: (604) 683-6050

Revised 07/01 courses offered and prices are correct at time of printing but are subject to change without notice.



## How to Register

**When to Register** You can enroll in this course at any time. Course material is couriered to you within one week after your enrolment is processed.

**Effective Management Seminar** For an application form and brochure, please call the CSI office nearest you.

**Registering by Mail or Fax** Return completed enrolment forms with full payment to the CSI office nearest you. Addresses and fax numbers are on the last page of this guide. Faxed enrolment forms must be accompanied by Visa or MasterCard payment.

**In-Person Registration** Bring your completed enrolment form and full payment to the registration desk at any CSI office during regular office hours. For income tax purposes, please bring your social insurance number.

**Confirmation of Registration** After processing your enrolment, the CSI will mail you a confirmation letter containing your student number. In a separate mailing, you will also receive your personal identification number (PIN). **You must safeguard this letter and your PIN and student number.** Your student number is needed for exam applications, exam sittings and for future enrolments. These numbers are confidential and give you access through the CSI Web site to results of any regular and special sitting exam you write.

Where applicable, the introductory letter accompanying your materials will state your assignment due dates. These dates must be met in order to avoid being terminated from the course.

## Fee Information

**Fee Categories** There are two fee categories for CSI students:

**Industry students** work for the Investment Dealers Association of Canada, one of the major Canadian stock exchanges, or member firms of these organizations. RCMP Commercial Crime Section staff and provincial securities commission employees also qualify as industry students.

**Non-industry students** are all other students, including employees of banks and trust companies which own or control IDA or stock exchange member firms.

**Fees** All fees include appropriate course materials and one regular exam sitting for each required exam, provided you write them within one year after your enrolment is processed. Candidates for the Partners, Directors and Senior Officers Exam, Branch Managers Exam, Trader Training Course and New Entrants Course have special exam sittings included in the course fee. Fees are payable in Canadian funds and can be claimed as a tax credit when filing your income tax return. Fees may be paid by cash, debit card, money order, cheque, Visa or MasterCard, payable to the Canadian Securities Institute. Do not send cash through the mail. Postdated cheques cannot be accepted.

Additional shipping charges of \$50 apply to material shipped to the U.S., \$65 to the Caribbean, and \$100 to all other countries outside Canada.

**NSF Cheques** Students are charged \$25 for each NSF cheque. NSF cheques must be replaced by cash, money order or certified cheque.

**Income Tax Receipts** Where fees total more than \$100 in a calendar year, receipts for income tax purposes are issued in February of the year following your enrolment. Please advise the CSI if you change your address.

**Specific Course Fees** Course fees are noted on the enrolment form. While course fees are accurate at the time of publication, they are subject to change. No refunds are given if you change from non-industry to industry status while taking a course.

## Refunds

**Canadian Securities Course:** A refund less an administration fee of \$125 will be provided if your written request is received by the CSI within two weeks after the date your enrolment is processed.

In Quebec, students may request a partial refund up to the due date of their first assignment.

**All other courses:** Students will be refunded half of the applicable course fee if a written request is received by the CSI within two weeks after the date your enrolment is processed.

The CSI will comply with the requirements of applicable provincial regulators.

**Course Seminars:** A refund less a \$30 administration fee will be provided if your written request is received by the CSI more than two weeks before the date of your first seminar.

**Effective Management Seminar:** No refunds can be given because hotel bookings are made in advance. Substitutes are permitted.

**Exams:** Fees paid for exam sittings are non-refundable. You may transfer to a later sitting provided we receive written notice at least two weeks prior to the exam date.

## Seminar Cancellations

All seminars are subject to sufficient demand. The CSI reserves the right to cancel any seminar without prior notice. Upon a cancellation, students may be slotted into their second seminar choice, a later seminar or receive a full refund.

## Course Rules

**Enrolment Periods:** Most courses have a one-year enrolment period from the date your enrolment is processed. The Canadian Securities Course and Professional Financial Planning Course have three-year enrolment periods, but extra fees apply to write or re-write exams after the first year.

**Exams:** You cannot write or re-write exams after your enrolment period, except if you have already passed the course and are re-writing an exam for licensing reasons. Extra fees apply to re-write exams. Students may be required to re-enrol and/or pass a study plan if they fail an exam three or more times.

**Assignments:** Please see the specific regulations for the course you are enrolled in.

**Rules are subject to change. All students are subject to the most current rules.**

## Unethical Practices

Copying assignments, cheating on examinations and other types of unethical practices as determined by the CSI are not tolerated.

Examinations are the property of the CSI. Students are expected to treat examination questions and their answers to them as confidential. The CSI considers any attempt by students to reconstruct the content of an exam to be a violation of its ethics policy.

If you engage in unethical practices you will be terminated from your course, and if you are an industry student, your employer will be notified. Industry regulators, including the provincial securities commissions, stock exchanges and the IDA, may also be notified.

In situations where a student submits an assignment with answers substantially similar to that of another student, the student whose paper is deemed to have been copied may be terminated as well.

Students terminated from a course for unethical practices must re-enroll and pay the full fee to complete the course. Students who are terminated for cheating on an examination in any CSI course can only re-enrol after a mandatory six-month waiting period.