The course
The Finance Research Practicum is a key element of MIT Sloan’s Master of Finance Program. In this graduate-level finance course, students work in teams on substantive projects proposed by external sponsors. Our goal is to provide students with a meaningful opportunity to work with leading industry practitioners on important topical finance problems, while helping them to bridge the gap between theory and practice, and introducing them to the broader financial community. The course is full-time during the month of January and includes some preparation and follow-up before and after the full-time experience.

The projects
We seek projects that address practical business problems, to be completed by a team of three to four highly motivated, well-trained students working full-time for a month. The majority of projects involve the use of one or more advanced technical skills, including financial econometrics, simulation, derivatives valuation, optimization, and related software and programming languages. We also seek a small number of less technical projects.

Sponsor responsibilities
Sponsors must have a relevant project with practical significance, and must be willing to write a short description of the project by November 1, 2014. The sponsor will specify the final project deliverable: a paper, presentation, software code, model, or any combination of these outputs. During the full-time segment of the project, sponsors should be able to allocate at least one to two hours a week to provide ongoing feedback, guidance and direction. However, some sponsors may provide more time, so availability will vary by sponsor. Sponsors may opt to host students in their offices during all or part of the month of January. While such sponsors are encouraged to pay for student travel expenses, this is not required. Additionally, some sponsors elect to have their teams conduct the final presentations in-person, which may also entail travel expenses.

Software and data
Students have access to Bloomberg, Capital IQ, Compustat, CRSP, FactSet, MATLAB, Mathematica, Barra, Northfield, Windham Portfolio Advisor, and a variety of other software tools and data sources. In some cases, the sponsor will provide data or software.

Sample projects

**Investment Research**

- Assess the predictive power of leader-follower relationships among companies.
- Use skew modeling to develop a signal for options trading.
- Conduct an industry review of the cyber-security industry.

**Business Strategy**

- Develop a plan for an investment firm to enter a new market.
- Explore strategic options for an underperforming manufacturing division.

**Risk Measurement**

- Develop a method for incorporating news analytics into covariance matrix estimation.
- Investigate if start-up hedge funds have different risk characteristics than mature funds.

**Public Sector**

- Use an agent-based model to simulate the effect of potential changes in regulations.
- Study firm investment behavior in aftermath of the 2008 financial crisis.
**Frequently asked questions**

**Q:** How are students assigned to projects?

A: The course instructors determine the assignments, taking into account the preferences of students and sponsors, as well as the required skill set for the project.

**Q:** If I agree to participate, am I guaranteed a team will be assigned to my project?

A: No. While we intend to use every project, the number of projects needed is not finalized until course participants are confirmed.

**Q:** How does the Finance Research Practicum differ from an internship?

A: In some ways, the Practicum is very similar to an internship, especially for students who conduct their project at the sponsor’s site. However, it differs from an internship in the following ways:

- Students are not employees of the sponsor
- The course instructors recruit projects that leverage the academic curriculum and meet the course objectives
- The school, rather than the sponsor, assigns the teams
- Students receive mentoring from the course’s instructional staff

**Q:** Can I use the Practicum as a recruiting tool?

A: Yes. Please let us know if this is your goal, and we will work with you and our Career Development Office to ensure that your needs are met.

**Q:** What is the cost for me to participate in the Practicum?

A: MIT Sloan does not charge sponsors to participate. However, some sponsors incur out-of-pocket costs. Most notably, some sponsors hosting students onsite in a location outside of the Boston area will reimburse for students’ travel and living expenses. Other expenses may include the sponsor traveling to campus and the purchase of data and software.

**Q:** What determines if the project is done onsite or offsite?

A: The sponsor decides this. Our preference is for the project to be onsite, but we recognize that some sponsors cannot accommodate this option.

**Q:** Is it appropriate to ask students to sign a confidentiality agreement?

A: It is important to think about what is and is not confidential and communicate this to students. In some cases, sponsors may wish to formalize an understanding, in which case the sponsor should talk to one of the course instructors.

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**Timeline and key dates**

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>September 15, 2014</td>
<td>Deadline for communicating your intent to participate.</td>
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<tr>
<td>November 1, 2014</td>
<td>Project descriptions are due from sponsors (should be ½ to 1-page long). If you need assistance, please submit a draft no later than October 15, 2014.</td>
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<tr>
<td>December 1, 2014</td>
<td>Students receive their assignments. During December, teams will coordinate the logistics with their sponsors.</td>
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<tr>
<td>January 5, 2015</td>
<td>Course officially starts. Schedule permitting, some teams may begin their projects before this date.</td>
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<tr>
<td>January 30, 2015</td>
<td>Last day students are available for full-time project work.</td>
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<tr>
<td>February/March 2015</td>
<td>Student production of deliverables (unless produced during the full-time portion of the course) and post-Practicum follow-up.</td>
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<tr>
<td>March 2015</td>
<td>Reception for project sponsors, students, and faculty.</td>
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