

New York University  
Stern School of Business

**Global Banking and Capital Markets**

B40.3387.01

Spring 2013  
T/TH 1:30 pm  
KMEC

Prof. Roy C. SMITH  
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**SYLLABUS**

This course addresses modern wholesale banking. i.e., the activities of large universal and investment banks which today offer many of the same products and services in markets all around the world. It does not focus on retail or consumer banking except peripherally. As this industry is subject to constant change and upheaval, a fair amount of time is spent discussing current events, trends and developments as they happen.

The course is case-oriented and strives to develop a high level of class discussion and interactivity. All students are expected to participate.

The preliminary course outline is attached; it is subject to change on short notice to adapt to current events. The outline for the second half of the course, for example, is only indicative at this time.

There are no prerequisites for the course but students with no prior training in economics or finance may find some of the material difficult going.

Course Rules and other Quirky Requirements

1. Blackboard will be the main method of communications with students. All cases and readings not included in the textbook will be posted on Blackboard (under "Assignments") in advance. The official course outline is the one posted (and occasionally changed) on Blackboard.
2. Students are expected to conform to all of the Stern Default Rules on attendance and punctuality, and to the Stern Honor Code.
3. Laptops will not be allowed to be open during class. Neither will text messaging or other use of cell phones be permitted.
4. Students are required to bring their name-signs to class and display them where they sit.

### Required Textbook:

*Global Banking*, by Roy C. Smith and Ingo Walter, Oxford Univ. Press., available at the bookstore. Other materials are made available on Blackboard at no charge.

Students are invited to become familiar with two electronic books on the financial crisis written by the members of the NYU Stern Finance Faculty, and their attendant blogs and op-eds, which are accessible for free via the NYU Stern website. The two books are *Restoring Financial Stability* (2009) and *Regulating Wall Street* (2010).

### Grading:

There are two exams, a midterm and a final. They are weighted equally to determine a final grade. The answers to the exam questions will be posted for a few days following the exam and students are invited to compare their answers to the answer key, and if they feel their exams were incorrectly scored they may submit them to Prof. Smith for a once-only rereading and grade adjustment (up or down) as he may think appropriate.

The instructor may add (or subtract) up to 10 points to the average grade on the exams for noteworthy (or lack of) contribution to class discussion.

### Office Hours, etc.

Prof. Smith will be at Stern Mondays through Thursdays during the term and will be happy to meet with any student during that time. Please drop by or email for an appointment.

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**COURSE OUTLINE**

- 1     Feb 5     The Global Financial System and the Crisis of 2007– 2008  
  
ASSIGNMENT: RCS “Armageddon” and “The Mortgage Crisis”  
(from *Paper Fortunes*, St. Martin’s Press, Jan. 2010)
- 2     Feb 7     Capital Markets Overview  
  
ASSIGNMENT: *GB* Chapter 2
- 3     Feb 12    Global Bond and Swap Markets  
  
ASSIGNMENT: *GB*, Chapters 3 & 4  
CASE: *FNMA A\$ 1 billion Bonds*
- 4     Feb 14    Global Bank Lending  
  
ASSIGNMENT: *GB*, Chapters 5 and 6.  
CASE: *Dresser-Rand LBO Financing*
- 5     Feb 19    Global Project Finance  
  
CASE: *Autostrade’s Debt Financed Takeover*
- 6     Feb 21    Global Equity Markets: Market Structure, Institutions and Practices  
  
ASSIGNMENT: *GB*, Chapter 7; RCS: “Distribution Issues in Equity Markets”
- 7     Feb 26    Global Equity Markets  
  
CASE: *Deutsche Telekom 1 and 2*

8. Feb 28      Global Equity Markets:  
CASE : *Glencore International, plc*
9. Mar 5      Global M&A: Market Structure and Practices  
ASSIGNMENT: *GB, Chapter 8*
10. Mar 7      Global M&A Transactions  
CASE: *The Acquisition of Martell*
11. Mar 12     Global M&A Transactions  
CASE: *The Steel War: Mittal v Arcelor*
12. Mar 14     Global M&A -- Privatization  
ASSIGNMENT: *GB Chapter 9*  
CASE: *The Sale of Jenapharm*
13. Mar 26     Private Banking  
ASSIGNMENT: *GB Chapter 11*  
CASE: *UBS Private Banking*
14. Mar 2      Institutional Asset Management , Hedge Funds and Private Equity  
ASSIGNMENT: *RCS "Hedge Funds and Private Equity"*
15. Apr 2      Mid Term Exam
16. Apr 4      The Economics and Politics of Global Banking (Ingo Walter)  
ASSIGNMENT TBD
17. Apr 9      Banking in the US  
ASSIGNMENT: *"The Bankers" from Paper Fortunes*
18. Apr 11     Banking in Europe: The Single Market , EU Banking Directive  
ASSIGNMENT: *GB Chapter --*

- 19 Apr 16 Banking in Europe – Banks and Sovereign Debt  
ASSIGNMENT: RCS: “The Agony of the Euro”
- 20 Apr 18 Global Banking in Emerging Markets  
ASSIGNMENT: *GB*, Chapter 12  
CASE: *Republic of Argentina Debt Exchange 2005*
- 21 Apr 23 Risk and Risk Management in Banking (Ingo Walter)  
ASSIGNMENT: (TBD)
- 22 Apr 25 The Role and Scope of Banking Regulation (Ingo Walter)  
ASSIGNMENT: (TBD):
- 23 Apr 30 How to Think About Global Bank Strategies (Ingo Walter)  
ASSIGNMENT: (TBD)
- 24 May 2 Regulation and Business Models in Practice  
CASE: Citigroup 1998
- 25 May 7 The Future of Global Banking  
ASSIGNMENT: RCS “Global Banking After the Cataclysm”
- 27 May 9 Final Exam