



Syllabus:

MULT-UB 210

RESEARCH SEMINAR IN FINANCE

Spring 2014

Schedule:	Mon-Wed 3:30am-4:45am
Location:	Tisch UC-05
Instructor:	Professor Kose John
E-mail:	kjohn@stern.nyu.edu
Phone:	212-998-0337
Office:	KMC 9-50
Office hours:	Monday 5-6pm Tues-Thu 2:00 pm-4:00 pm
Course website:	NYU Classes

Course description:

This course is an advanced elective designed to introduce students to the excitement of doing research in the field of finance. The course will usually focus on selected areas of finance, such as Corporate Finance, Asset Pricing, Market Microstructure, or other topics depending upon the faculty interest. Students will be required to read original research articles and develop an understanding of the research process from the development of testable hypotheses, collection of suitable data, application of appropriate analytic or statistical methodology, and ultimately to an understanding of research findings and their limitations. Deliverables in the course will typically include a written literature surveys and a research paper based on projects that replicate classic research studies and/or based on new (original) research ideas in finance.

The primary objective of the course is to convey to the students the excitement of doing research on issues in corporate finance. The course will focus on research topics in finance with an emphasis on corporate finance and banking. We will start with a discussion of some of the important tools (analytical and statistical) that you will need in financial research as well as the methodology and approaches to study exciting questions in finance. After that I will give you an overview of some of the research areas and topics in banking and corporate finance, after which we can brainstorm about questions that you find interesting. I will also have different professors give you an overview of some of the important issues and questions in their area of expertise in finance and banking. Some of the areas will include behavioral corporate finance, market microstructure, mergers and acquisitions, CEO compensation, corporate governance, bankruptcy and restructuring, debt policy, dividend policy, executive networks, corporate governance, and corporate board of directors.

The class size will be kept small (no more than 20) to give you individual help and access to important databases. Each one of the students will explore a research problem in finance of their own choosing and undertake a research project on it with my help. This course will be very useful for students thinking in terms of financial research jobs, assisting financial research in large financial institutions, central banks, financial consulting firms, or pursuing a doctoral program in finance at some point in their careers.

Teaching Assistant: Stoyan Stoyanov Office: 9-197 I
sstoyano@stern.nyu.edu

Office hours: Mon-Thurs 2:00 pm-4:00 pm

Prerequisites:

The prerequisite for this class is a good grade in Foundations of Financial Markets, Corporate Finance and Statistics (including Regression). Courses in Advanced Corporate Finance and Econometrics would be desirable.

Course Material:

Lecture Notes and Readings:

Readings and Lecture Notes will be posted on the Black Board and sometimes handed out in class. .

Textbook (recommended):

The lecture notes are self-contained. In addition to the class notes, I recommend that you use the textbook

- Brealey, R. A., Myers, S. C., and F. Allen, 2014, *Principles of Corporate Finance*, 11th edition, McGraw-Hill.
- The 9th or 10th editions of this textbook are also sufficient.

This textbook can be used as background reading for those of you who wish to read ahead of the lecture or dig deeper into the material.

The textbook is available for purchase online. You can also borrow copies from me. The textbook is also available on Reserve at the NYU Library.

The text-book sections corresponding to the major topics are listed for the Tenth Edition of the book. You can find corresponding chapters in the earlier editions as well.

Office Hours:

My office hours will be **Monday 5pm to 6pm, Tuesday and Thursday from 2:00 pm to 4:00 pm** in my office (MEC 9-50). If you are unable to see me during this time, please call to set up an appointment. If you have any questions or need individual assistance, you can stop by my office even outside the office hours.

Teaching Assistant:

Stoyan Stoyanov (Office: 9-197) is an advanced doctoral student who is an expert on different databases in corporate finance. He has agreed to work with students in this class and help you familiarize yourself on the usage of data: e-mail: sstoyano@stern.nyu.edu

Grading

Class Participation	20%
Short Literature Survey	20%
Research Paper	60%

This is an advanced course teaching skills and material normally taught to doctoral students. The students are expected to work hard and dig deep into the topics they have chosen for their research paper. The research projects can be undertaken individually or in pairs.

Details:

Class Participation:

Attending all classes and taking part in the discussions is an important part of the class. Attendance will be taken and regular attendance will be rewarded in the class participation grade. Moreover, I want you come and discuss your project with me at least twice, perhaps more times during the semester. All students should have discussed their project with me with a few ideas towards pinning down the topic (question) for research by March 21st.

Class Presentation:

All students will submit a clear statement of the problem chosen and an appropriate literature survey of the area of their research project during the last week of April. Independently of the degree of completion of the research paper, you should have a clear organized presentation of your research proposal, research ideas, and any results that you have in that presentation.

Academic Integrity

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the **NYU Stern Student Code of Conduct**. A student's responsibilities include, but are not limited to:

- A duty to acknowledge the work and efforts of others when submitting work as one's own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

Please see www.stern.nyu.edu/uc/codeofconduct for more information.

Let me emphasize that it is unfair to your fellow students to violate the Honor Code. And it is unfair to yourself if you do not report Honor Code violations that you observe. If you do violate the Honor Code, you will be reported to the Dean's Office. Violations in the honor code may result in a failing grade for the class.

Class Communication

The class website is on Blackboard at <https://newclasses.nyu.edu/portal/site/8c2facae-078d-435d-958d-65a5b910a1e5/page/a9cc80ad-362e-4719-a63c-af42c86661e1>. This is the central location where all teaching material is posted.

If you have a quick question, please feel free to approach me right after class. You can also send me an email if you have a quick question that cannot wait until next class. If you do have a substantive question, please see me during office hours.

Class Attendance

Class attendance is mandatory. Absences may be excused only in the case of documented serious illness, family emergency, religious observance, or civic obligation, and there are no excuses available for final exams. You are expected to arrive to class on time and stay to the end of the class period. Chronically arriving late or leaving class early will have an impact on your grade (via a discretionary deviation from the above grading standards). See also **class participation**.

Keeping up with the Class

This class reviews a number of essential concepts that will be helpful for you to complete your research project. If you attend class regularly, complete the project, you should receive a high grade in this class.

Students with Disability

Students whose class performance may be affected due to a disability should notify me early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate your needs. Please see www.nyu.edu/csd for more information.

Course Schedule:

I will place appropriate reading material periodically on the Website, NYU Classes. Please prepare for each class by reading the material as well as the recommended chapters from BMA Text book.

Topic	Readings and/or Text Book Chapter
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Course Overview	
Theoretical Framework	CH 1, 14,17
Capital Structure Irrelevance in Perfect Markets	
Frictions and Static Trade-off Theory	Graham and Leary (2013), CH 18
Agency cost framework, Managerial Compensation Structures	CH 12, 33

Asymmetric Information and Event Studies

Myers and Majluf (1985), John
and Williams (1985)

Liquidity and Asset Prices

Acharya, Mendelsohn, Peder-
son(2005)

Databases in Finance I
Databases in Finance II

Slides/ Notes

Slides/ Notes
Angrist, et al

Empirical Issues in Finance I
Empirical Issues in Finance II

Slides/ Notes, Bertrand (2003)
Bennedson (2007)

Empirical Issues in Finance III

Bertrand-Mullainathan (2004)

**Corporate Governance and Executive
Compensation I**

Slides/ Notes
Yermack (2010)

**Corporate Governance and Executive
Compensation II**

Slides/ Notes
Li and Yermack (2014)

Behavioral Finance I
Behavioral Finance II

Baker-Wurgler (2012),
Slides/ Notes

Presentations and Course Wrap-up I

Presentations and Course Wrap-up II