Overview

This course is intended to cover the traditional core questions in corporate finance: investment and capital structure. We will also explore the literature that studies the interrelations between corporate finance and other fields: industrial organization, financial markets, etc. We will mainly focus on theoretical research articles, and try to make use of the most parsimonious models needed to highlight the intuitions underlying the papers we will be discussing. We may also address theoretical insights by presenting some related empirical papers.

Course Requirement and Grading

Course requirement include regular attendance, participation and reading of the articles prior to class.

Grading:
• 20% Presentation of research paper
• 30% Referee report
• 50% Seminar paper

Course Outline

Here is a tentative outline for the course. It contains the core materials we will cover as well as some advanced topics. Depending on the pace of the course and the interest of the audience, there may be changes to this syllabus over time, which will be updated as time goes by. Apart from the papers listed below, we will mostly use Tirole's book, “The Theory of Corporate Finance”, (2006), Princenton University Press.

The following reading list provides the required readings only. A supplemental list of papers to be covered during the course will be provided later.

1. Frictionless Corporate Finance: Modigliani-Miller, The newoclassical model of investment and empirical evidence


2. Models of Credit Constraints

- Tirole, Chapter 3 and 6

3. Capital Structure

- Frank, M. Z. & Goyal, V. K. (2003), 'Testing the pecking order theory of capital


4. **Topics in Corporate Governance**

5. **Corporate Finance and Product Markets**
   ✓ Tirole, chapter 7.1

6. **Corporate Finance, Information and Market Efficiency**