

CORPORATE FINANCE
FACULTY OF LAW, DALHOUSIE UNIVERSITY
COURSE OUTLINE & SYLLABUS
Fall 2011

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Office Hours: Mondays & Wednesdays, 11:00 am to noon. Otherwise by chance or appointment

Website: <https://ilo.owl.dal.ca/webct/logon/748592028021>

May be accessed through My.Dal, under the Learning Resources tab

Classes: Mondays 3:00 pm to 4:30 pm in room and Wednesdays, 1:00 pm to 2:30 pm in room 207

Credit Value: 3 Credits

I. Course Description

This course deals with some of the fundamental ideas, legal issues and theories underlying modern corporate finance transactions, and will introduce students to the academic treatment of corporate finance issues. Topics will include a discussion of the fundamentals of structured finance and financial theory and mergers and acquisitions, as well as an examination of the institutional features of the corporate finance landscape, including the respective roles of financial institutions, securities exchanges, corporate lawyers, accountants and auditors.

Knowledge of the legal underpinnings of corporate finance is a valuable tool for lawyers engaged in the practice of corporate law or corporate litigation, whether in private practice, government practice or as in-house counsel, as well as those interested in the policy implications of modern corporate finance structures and theory. This course is designed to be of value to students with diverse backgrounds and career goals and should be accessible to law students with no prior background in finance, other than material covered in Business Associations.

II. Course Website

The course website is located at <https://ilo.owl.dal.ca/webct/logon/748592028021> or may be accessed through the My.Dal website, under the Learning Resources tab. All students registered in the course have been granted access to the website.

The course website contains downloadable copies of some of the required course materials, a calendar detailing the topics and assigned readings for each class, copies of any PowerPoint slides presented in class, an announcements board, a class roster and

links to additional materials and websites related to the course material. The website will be the primary means of communication between the instructor and students outside of the classroom and will be updated often. Please check it regularly.

III. Course Materials

The following textbook is **required**:

Christopher C. Nicholls, *Corporate Finance and Canadian Law*, available at University Bookstore (the “Textbook”).

Additionally, students are **required** to read a number of articles and commentaries as outlined in the assigned readings for each class on the course website calendar. All required readings, other than the Textbook, are available on the course website.

IV. Evaluation

This course is intended to be participatory in nature. Students will be evaluated on the basis of their participation in class discussions, a class presentation entailing some outside research, and a closed book written examination conducted during the final examination period, tentatively scheduled for **Tuesday, December 13th at 9:30 a.m.** The evaluation of the course will be weighted as follows:

Exam	60%
Class Presentation	20%
Class Participation	20%

Exam

Students will not be permitted to bring any written or printed materials into the examination room, but will be provided with a copy of the Table of Contents and the Table of Cases from the Textbook, as well as a list of the assigned readings for their reference during the exam.

The exam may consist of a combination of short answer questions and longer problem style questions in response to which students may be required to analyze a fact situation, identify issues, and state and apply the law with supporting statutory and case authority. Students may also be required to discuss a legal theory related to corporate finance or respond in essay format to a policy question. The exam may include any topics from the Textbook, assigned readings, class lectures, class discussions, and the Osler lecture given by Professor Romano on September 8.

In accordance with faculty policy, no computers, cell phones, blackberries or any other electronic communicating device are permitted in the exam room.

Class Presentation

Students will be required to prepare and deliver a presentation to the class based upon one of the assigned readings. The assigned readings may be presented by one or two students. Presentations should be approximately 25 minutes in length for each student presenting. If two students are co-presenting a single reading, their presentations should be structured so as to be complementary and not repetitive. Each student will be evaluated independently. Presentations may, but need not, involve an overhead presentation or other audio-visual aids. Students are responsible for ensuring that any required equipment is available and functional. The presentation **should involve some outside research**, sufficient to allow the student to make an interesting and insightful presentation of the assigned reading.

Students will be required to attend a brief meeting with the professor at a mutually convenient time outside of class hours, approximately one week prior to their presentation to discuss the reading to be presented and the content of their presentation.

Students should consult the tentative class schedule below for topics and dates that are preferable to them and email the instructor **no later than 5pm on Thursday, September 15th** with a list of their top 4 choices, in order of preference. Every effort will be made to accommodate student preferences where possible. Students who do not submit their preferences will be assigned an available presentation topic.

Class Participation

This is a relatively small class, and the participation of all students is encouraged. Participation will be evaluated based upon attendance and active participation in class discussions, to the extent that such participation is relevant and demonstrates an informed engagement with the assigned readings and the subject matter of the course.

V. Students with Special Needs/Requests for Accommodation

Requests for special accommodation for reasons such as illness, injury or personal circumstances will require an application to the Law School Studies Committee. Such requests must be made to Associate Dean Michael Deturbide or Assistant Dean Elizabeth Hughes as soon as possible, before a scheduled exam or a deadline for an assignment. Retroactive accommodation will not be provided. Please note that individual professors cannot entertain accommodation requests. Students wishing to discuss arrangements for classroom assistance, such as note-taking, should see Professor Jennifer Llewellyn, the law faculty advisor to students with disabilities.

Students may request accommodation as a result of barriers related to disability, religious obligation, or any characteristic under the Nova Scotia Human Rights Act. These requests must be made to the Office of Student Accessibility & Accommodation (OSAA) prior to or at the outset of each academic term. Please see <http://www.studentaccessibility.dal.ca> for more information and to obtain Form A - Request for Accommodation. Students may

also contact the Office of Student Accessibility & Accommodation directly at 494-2836, or they may contact Associate Dean Michael Deturbide or Assistant Dean Elizabeth Hughes for more information.

VI. Tentative Class Schedule and Assigned Readings

The following provides an outline of the material to be covered in each class. Students are expected to have reviewed the material to be covered in preparation for each class. Classes will typically involve a presentation, either by the instructor or fellow students, followed by a class discussion. Students are encouraged to actively participate in all discussions.

The following is a tentative class and assignment schedule only. It may be necessary to amend, supplement or otherwise revise this tentative schedule, in whole or in part, as the term progresses. If this occurs, students will be informed in class of any such amendments or revisions, and the course website will be updated accordingly. If a student must be absent from class, it is that student's responsibility to determine if any changes to the schedule have been announced.

CORPORATE FINANCE Course Schedule Winter Term 2010

Readings that are to be the subject of student presentations are **highlighted**.

September 7	Course Description & Introduction to Corporate Finance <i>Readings:</i> Textbook, Chapter 1 - pp. 1-3
September 8	Osler Lecture – Roberta Romano – noon to 1:00 pm For Diversity in the International Regulation of Financial Institutions: Reforming the Basel Accords <i>Readings:</i> Textbook, Chapter 7 - pp. 227-268
September 12	Canadian Financial Institutions <i>Readings:</i> Textbook, Chapter 7 - pp. 227-268
September 14	Fundamentals of Corporate Finance – Debt & Equity <i>Readings:</i> Textbook, Chapter 2 - pp. 5-34
September 19	Debt, Equity & Structured Finance <i>Readings:</i> Textbook, Chapter 2 - pp. 34-66
September 21	Leveraged Buyouts <i>Readings:</i> Steven N. Kaplan and Per Strömberg, “Leveraged Buyouts and Private Equity” (2008) (2 students)

September 26	Elementary Finance and Financial Theory <i>Readings:</i> Textbook, Chapter 3 - pp. 67-96
September 28	Financial Theory II <i>Readings:</i> Textbook, Chapter 3 - pp. 96-122
October 3	Agency Cost Theory & Modern Financial Theory <i>Readings:</i> Jensen, Michael C. "Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers" (1986) (1 student) Stout, Lynn A. "Inefficient Markets and the New Finance" (2005). (1 student)
October 5	Accounting Statements & Auditors <i>Readings:</i> Textbook, Chapter 4 - pp. 123-160
October 10	THANKSGIVING DAY – NO CLASS
October 12	The Fall of Enron & Arthur Andersen <i>Readings:</i> Kroger, John R., "Enron, Fraud and Securities Reform: An Enron Prosecutor's Perspective" (2004) (1 or 2 students)
October 17	The Sarbanes-Oxley Act & the Role of the Auditor <i>Readings:</i> Paul D. Paton, "Rethinking the Role of the Auditor: Resolving the Audit/Tax Services Debate"(2006) (1 or 2 students)
October 19	The Role of the Corporate Lawyer Fisch, Jill E. and Rosen, Kenneth M., "Is There a Role for Lawyers in Preventing Future Enrons?" (2003) (1 or 2 students)
October 24	Securities: Creating and Issuing Financial Claims <i>Readings:</i> Textbook, Chapter 5 - pp. 161-194
October 26	Initial Public Offerings <i>Readings:</i> Hurt, Christine, "Moral Hazard and the Initial Public Offering" (2004). (1 or 2 students)
October 31	Financial Derivatives <i>Readings:</i> Textbook, Chapter 6 - pp. 195-226
November 2	Structured Finance – Credit Derivatives <i>Readings</i> Skeel, David A. and Partnoy, Frank, "The Promise and Perils of Credit Derivatives" (2006) (1 or 2 students)

November 7	The Role of Credit Rating Agencies <i>Readings</i> Frank Partnoy, “ <i>How And Why Credit Rating Agencies Are Not Like Other Gatekeepers</i> ” (2006) (1 or 2 students)
November 9	Canadian Securities Exchanges <i>Readings:</i> Textbook, Chapter 8 - pp. 269-296
November 14	Canadian Securities Exchanges in the International Context Stéphane Rousseau, “ <i>London Calling?: The Experience of the Alternative Investment Market and the Competitiveness of Canadian Stock Exchanges</i> ” (2007) (1 or 2 students)
November 16	Mergers and Acquisitions <i>Readings:</i> Textbook, Chapter 9 - pp. 297-321
November 21	Take-Over Bids <i>Readings:</i> Textbook, Chapter 9 - pp. 321-368
November 23	Take-Over Bids – Case Study <i>Readings:</i> D. Millstone & G. Subramanian “ <i>Oracle v. PeopleSoft: A Case Study</i> ” (2005) (1 or 2 students)
November 28	Corporate Governance <i>Readings:</i> Bebchuk, Lucian Arye, Cohen, Alma and Ferrell, Allen, “ <i>What Matters in Corporate Governance?</i> ” (2004) (2 students)
November 30	Globalization and Corporate Governance Regulation <i>Readings:</i> Strine, Leo E. Jr., “ <i>Lecture: Human Freedom and Two Friedmen: Musings on the Implications of Globalization for the Effective Regulation of Corporate Behavior</i> ”(2008) (1 student)
December 5	Exam Review & Discussion
December 13	Examination