This is an advanced course in corporate finance. Its goal is to bring Ph.D. students to the frontier of knowledge so that they can start doing their own research in this field.

The course will cover seven topics, each of which will take about two sessions. The goal will be to combine theory and empirical work, and to bring students to the state of the art in that subfield, so that they potentially begin to do research in that area.

There will be a referee report due on an article that I will hand out in class. Write the report as a reviewer for potential publication in a major academic finance journal, up to three well-spaced pages. Part 1 of each report should succinctly state each of the paper’s important contributions in the best possible light. Part 2 should constructively critique any shortcomings. Part 3 should make suggestions for improvements. This report should be accompanied with a short letter to the editor (me), recommending that I reject the paper, request a revision, or accept the paper, and why. The report will count for 20% of the grade.

In addition to the referee report, 20% of the grade will depend on class participation. Students are expected to come to class, having read the required readings for that class session. In a small class like this, the quality of the discussion will have a major impact on everyone’s learning, so it is particularly essential that you come to class prepared. In addition, since the main goal of this class is prepare you to do research in class, I expect all students to attend the Departmental Finance Seminar each week. Part of your participation grade will be based on your attendance in the weekly Finance Seminar.

There will be an exam given during finals week that will count for the remaining 60% of the grade.
Reading List

Note: Readings with a * will be emphasized in the class discussion. Unless noted in class, these articles should be read prior to the class discussing the relevant topic.

Topic 1. Financial Distress

A. Theory


B. Empirical Evidence


**Topic 2. IPOs and Capital Raising**

**Overview:**


**A. Initial Public Offerings**


**B. Issuing other Securities**


**Topic 3. Private Equity/Venture Capital**


**Topic 4. Corporate Governance and Control**


A. *The Entrenchment Problem*


B. *Incentive Contracts and Other Direct Incentives*


C. *Boards of Directors*


D. *Management Turnover*


E. *Proxy Voting and Institutional Activism*

Economics, 110, 1047-1073.


Topic 5. International Corporate Governance and Protection of Shareholders’ Interests


Topic 6. Interactions of Product Market and Capital Market

A. Theory


**B. Empirical Tests**


**Topic 7. Allocation and Misallocation of Internal Resources**

**A. Survey.**


**B. Theory.**


**C. Evidence:**


