

LLM in Finance and Law Course Catalogue 2009-2010, Blocks 1-4

- **Bootcamp**

The bootcamp provides Duisenberg students with the advanced skills necessary to efficiently implement and solve computational problems in the area of finance. All of these skills are indispensable for the students' remaining course work at Duisenberg School of Finance.

Excel basics and worksheet functions, manipulating text, counting and summing techniques, lookup functions, goal seek/solver, array formulas, conditional formatting and data validation, debugging formulas, macros, VBA.

- **Refresher Course**

This course splits in two parts. The first part gives an introduction to both financial statements (the balance sheet, income statement and cash-flow statement) and investment decisions (present value).

The second part is a refresher course in statistics emphasizing the applications of essential concepts in statistics and probability to finance. The basics of statistics and probability are reviewed and more applied examples in finance are introduced as needed.

This course is highly interactive and consists partly of class sessions/lectures, and partly of computer lab sessions. In the lab sessions students implement the concepts learnt such that these can be effectively employed later in the curriculum.

Block 1

Core Courses

- **Finance and Financial Markets**

This course offers a blend of lectures, case study discussions, and hands-on exercise sessions to enhance our understanding of financial decision making and corporate valuation. Topics include net present value & capital budgeting, discounted cash flow analysis and implementation, risk & return (portfolio optimization, CAPM, multifactor models), and fixed income. The course is intended to provide you with both a lasting conceptual framework and, through the incorporation of real-world data and business cases, a greater understanding of how real life business situations play out.

- **Financial Econometrics 1**

Statistical and econometric (time-series) models are used in various parts of modern portfolio theory and international finance. For example, they are used to assess the so-called beta's of particular funds relative to a market index, to estimate and forecast the (possibly time-varying) risk of an investment opportunity or a portfolio, to test the basic assumptions (such as the

purchasing power parity) underlying modern exchange rate models, and so on. Therefore, a working knowledge of these models is indispensable for a reliable quantitative assessment of these issues.

This course aims at developing skills for the statistical and econometric analysis of macro-economic and financial models, with a particular emphasis on regression theory. Much emphasis will be put on the problem of finding satisfactory models, testing the assumptions underlying these models, and devising methods that can handle a violation of these assumptions. A central aim of the course is to learn how to effectively use regression software such as EViews and how to interpret the output from such programs.

Electives

- **Financial Accounting**

Financial statements are relevant to the decisions of many individuals including investors, creditors, consultants, managers, auditors, directors, analysts, regulators and employees. This course is a rigorous introduction to financial accounting designed for business students with no prior knowledge of the subject. A key purpose of this course is to deal with the measurement of value (and value creation from the point of view of outside decision-makers) and the use of financial accounting information.

We adopt a user perspective, rather than a preparer one, because most Masters students will become users of financial statements, internal (managers, executives) or external (investors, analysts etc.), rather than preparers of financial statements. However, in order to become users students must also understand how the financial statements are constructed.

- **European Contract Law**

The course presents an outline of the emerging multi-level system of contract law in Europe. In this course, the law of contract on the national level (the focus will be mainly on England, France and Germany) the European level (acquis communautaire and Common Frame of Reference) and the international level (notably the 1980 United Nations Convention on Contracts for the International Sale of Goods) will be discussed in an integrated and horizontal way. The main horizontal issues include: formation, validity, standard terms, interpretation and contents, supervening events, non performance and remedies, and contract and third parties. Moreover, the course will pay special attention to the dynamic of the Europeanisation process. The focus will be, in particular on the Action Plan process and the European Civil Code debate. Finally, the course is not limited to 'black letter law'. The subjects will be discussed, as much as possible, in the light of the theoretical insights gained from contract theory, and economic and political analysis.

- **International Commercial Arbitration**

In international commerce, one of the principal methods of resolving conflicts is through arbitration. Arbitration has various advantages over more classical methods of dispute resolution such as litigation. This course on International Commercial Arbitration offers a seven week introduction into the practice of arbitration, in particular in relation to the United Nations Convention for the International Sale of Goods (CISG or Vienna Sales Convention). The first three weeks of the course will consist of an introduction into this principal legal instrument to the international sale of goods. Participating students will be introduced to the principal concepts of the CISG, its history, sphere of application and goals. This first part of the course will be examined with a group paper.

The following four weeks will be devoted to the practice of arbitration. They will be taught by various experts in the field of arbitration. Topics that will be discussed include: the characteristics of arbitration and the different types of arbitration, drafting an arbitration agreement, forum selection, choice of law, evidence, and execution of arbitral awards. This second part of the course will be examined by an individual paper.

Block 2

Core courses

- **Corporate Finance**

This course offers a blend of lectures, case study discussions, and hands-on exercise sessions to enhance our understanding of financial decision making and corporate valuation. Topics include net present value & capital budgeting, discounted cash flow analysis and implementation, risk & return (portfolio optimization, CAPM, multifactor models), and fixed income. The course is intended to provide you with both a lasting conceptual framework and, through the incorporation of real-world data and business cases, a greater understanding of how real life business situations play out.

- **International Corporate Law**

This course is meant to cover the major areas of corporate law, including an overview of key organs of the company; the duties and responsibilities of directors, including non-executives; the evolution of corporate law; capital maintenance rules; voting rules and the one share one vote controversy; the legal control of insiders; regulation of takeover bids and regulatory competition in Europe. An important goal will be to familiarize students with the economic environment, legal rules and challenges of corporate governance reform. Emphasis will be given to the contemporary debates over the failure of boards to protect the interests of minority shareholders and the declining importance of the market for corporate control to restrain managers. The course will encourage students to use various analytical tools to deal with key governance issues that face managers, directors, and investors.

Electives:

- **Investments**

The objective of this course is to introduce students to the most commonly used quantitative tools and fundamental financial concepts: optimal portfolio selection, the relationship between risk and return, and market efficiency. This course introduces students to important classes of financial assets and investment vehicles: fixed income, public equity, and mutual funds. Students may be expected upon completing this course to be able to understand current issues in investments, as well as making sound investment decisions for themselves.

- **Mergers and Acquisitions Law**

This course is meant to cover the law of mergers and acquisitions and alternatives to mergers. The aim of the course is to examine how mergers and acquisitions are structured and why particular deals create value for firms. The course will examine the various techniques and deal terms that have profound effects on both parties and the outcome of the transaction. The course will include actual transactions as well as drafting exercises. The lectures will focus on the barriers to optimal structuring and techniques for eliminating drafting problems. Emphasis will be given to understanding the legal responsibilities of the buyer and seller, as well as the legal, tax and regulatory treatment for the deal, the techniques for putting the deal together, corporate acquisition agreements and securities and governance issues that arise in deals involving publicly listed companies. The course will encourage students to become familiar with the techniques used in corporate acquisitions and joint venture deals. Guest speakers from a top M&A law firm will also lecture on recent trends in the Netherlands and across Europe.

- **WTO Law**

This course focuses on the World Trade Organization (WTO) as an international organization – structure, organs, legal status, decision-making, relations with other organizations etc. - and on its unique dispute settlement system – structure, phases, causes of action, remedies, implementation and enforcement. The course takes an institutional approach and will only pay limited attention to the substantive law of the WTO.

Since 1995 the WTO provides a multilateral "common institutional framework for the conduct of trade relations among its Members", a new legal basis for the international movement of goods, services, persons, trade-related investments (TRIMS) and intellectual property rights (TRIPS). Furthermore, the WTO occupies a central role in shaping the international trading environment regarding trade-related areas such as environmental protection, human rights, health, labour standards, multilateral competition and investment rules.

However, an important goal of the WTO is to substitute a mechanism of collective surveillance and enforcement of multilateral standards to the display and unilateral use of might by powerful states. This underscores the particular importance of the procedural rules contained in the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU).

The course will analyse and explain the essential characteristics of this system of dispute settlement, including its new ground-breaking feature of an appellate instance. It also seeks to familiarise participants with the special skills required for dealing with WTO case law, panel and Appellate Body Reports.

Block 3

Core Courses

- **Corporate and Tax Law**

This course is meant to cover the legal and tax aspects of business transactions. The course will examine how lawyers identify, assess and manage risk by efficient contractual design, while achieving the optimal legal, fiscal or regulatory treatment for the transaction. The course will include actual transactions as well as drafting exercises. The lectures will focus on the legal and financial principles to represent privately held companies, their founders and managers, and their investors. Emphasis will be given to the organization and financing of start-ups, structuring buyout transactions, exit strategies, legal organization of investment funds and other financial intermediaries. The course will encourage students to become familiar with the main aspects of corporate law and the fiscal techniques that guide the design and creation of limited liability companies, partnerships, and holding companies. A guest speaker from a top corporate law firm will also lecture on recent trends in corporate transactions.

Electives

- **Corporate Governance**

Students will be exposed to the most recent research in the field of corporate governance from both a finance and law perspective. The course will start with a conceptual framework on the governance of firms. We will then cover in detail the functioning of different corporate governance mechanisms. During the course, students will work on selected cases to apply their knowledge and to further strengthen their understanding of corporate governance mechanisms. The course will draw on recent and influential academic papers and practical Harvard Business Cases. Apart from delivering state of the art knowledge on corporate

governance, the course also intends to introduce students to powerful empirical methods that are used in corporate finance (e.g. event study methodology) and to legal concepts surrounding them. At the end of the course, students will have learned to critically assess the costs and benefits of ownership concentration, different board structures, different designs of executive compensation plans (e.g. stock options), internal capital markets, and active investors. They will also be able to integrate a finance and law perspective to assess important corporate governance issues.

- **Economics of Enforcement**

This course will examine the emergence of a European competition system interlinking EC competition law and the competition laws of different member states, focusing on the enforcement of competition law at the EU and national level and on the competition law regimes of selected member states. The lectures will seek to provide a comparative law and economics approach to the analysis of the new system of enforcement, relying on optimal enforcement theory, choice of law theories and game theory. In particular, the focus will be on (1) how EC competition law is interpreted and enforced by the national competition authorities and courts, and (2) in what respect the Member States' national competition law regimes find different (or similar) solutions to EC Competition law. This course will enable students to familiarize themselves with the core principles of competition law enforcement in Europe.

- **Entrepreneurial Finance**

The aim of the course is to present the theory and practice of the financing of entrepreneurial firms. Special attention will be devoted to understanding the motivations of the different players (mainly financiers and entrepreneurs) and how to reconcile their interests.

The course is to a large extent based on case studies that will be discussed in class. Students will learn how to choose among different types of investors and to value new ventures. In particular, the course will focus on valuation methods for innovative startups. Students will also get a better understanding of various source of finance for start-up firms and how deals are structured between investors and entrepreneurs to mitigate potential conflicts and agency issues inherent to young companies.

Block 4

Core courses

- **International Corporate Governance**

The focus of this course is on international corporate finance. The current wave of financial scandals in the U.S., Europe, and elsewhere has alerted investors about the lack of efficient mechanisms of transparency and corporate control across countries. To face these challenges, the course starts by addressing valuation in an international context and setting up the framework for understanding how financial contracts are written around the world. Differences in institutional characteristics have recently been shown to be key determinants of how corporations are owned and valued, as well as how they raise capital and give it back to investors. Therefore, in the second part of the course, we will analyze: (1) Agency conflicts; (2) corporate governance mechanisms; (3) corporate ownership and groups; (4) and the role of various financial contracts in mitigating opportunistic behaviour

- **Banking and Securities Regulation**

This course introduces students to the regulation of banks and financial intermediaries. The first part of the course addresses international aspects of banking regulation, capital

adequacy, and clearance settlement procedures. The second part examines the regulation of US and European securities markets.

Over the last few decades, finance has become a field of serious scientific study. It has been increasingly used by scholars as a method for analyzing issues in securities regulation. Particularly in the United States, this trend has had a significant influence on decisions relating to securities regulation made by the legislature, the courts and the SEC. This course will explore the use of financial economics as a normative tool to suggest the best way to regulate securities transactions.

Issues considered in the course in the first week will include: (1) the implications of the efficient market hypothesis, noise theory and portfolio theory for the regulation of disclosure by issuers making public offerings of securities and by issuers whose shares are publicly traded, (2) the debate over the need for mandatory disclosure, (3) the allocation of authority for regulating the disclosures of issuers whose shares are offered, or trade, in markets covering an area involving multiple countries, with attention also paid to the questions of the appropriate role for regulatory competition and the optimal regulatory area (e.g. EU vs. member states), (4) the role of securities regulation in capital market development and economic growth, (5) the impact of securities regulation on the private generation of information and its reflection in price.

Electives

- **Bankruptcy and Corporate Reorganization**

The focus of this course is various corporate restructuring policies that firms carry on around the world. We will analyze their motivation and consequences in an international context. Besides small changes of operations, corporations engage in 3 different major types of restructuring policies: (1) corporate transformations or asset sales; (2) bankruptcy and reorganization; and (3) mergers or large acquisitions. We will cover these three major policies with a focus on their financial consequences in various legal environments.

- **US M&A Law**

An examination of the law relating to the acquisition of businesses through asset and stock acquisitions and corporate mergers. The course examines applicable state corporate law, federal securities law, and the structure of acquisition agreements. We will focus on Delaware law relating to friendly and hostile acquisitions, as well as control shareholder squeezeouts of minority shareholders. In addition, we discuss the federal Williams Act.

- **US Corporate Law and Governance**

This course will provide an intensive and comprehensive introduction to U.S. corporate law and governance. In broad terms, the course will focus on three principal topics. First, we examine the role of shareholder litigation and state-level judicial review in shaping the fiduciary duties of directors. The special role of Delaware in the U.S. scheme of corporate law will be analyzed in depth. Policy issues discussed in this part of the course include executive compensation, shareholder activism, and the legal responsibility of directors in connection with the 2007-08 financial crisis. Second, we study corporate mergers and acquisitions. Students will develop a working knowledge of the complex legal and policy environment for negotiated and hostile takeovers in the United States. Finally, we examine the impact of the federal securities laws on U.S. corporate governance. Our topics include proxy (shareholder voting) fraud, securities fraud in the context of corporate transactions and disclosure, and insider trading. The proper balance between state and federal law in U.S. corporate governance is a significant policy question in this section of the course, as we analyze the legal responses to major corporate and financial scandals in the United States over the past decade, including the Sarbanes-Oxley Act (SOX) following Enron, and the Troubled Asset Relief Program (TARP) in the wake of the financial crisis.

- **European Banking Regulation**

The objective of the course is to make students familiar with the key contracts in international banking. In first part, the course will cover the basic structure of term loans, syndication, loan sales and transfers. An important goal will be to understand secured finance, asset-backed securitization, hybrid securities, and project finance. Key regulatory issues will be discussed in the context of structuring complex transactions. Finally, the lectures will introduce students to problems involved in designing optimal contractual remedies and writing legal opinions.

- **Law of Economic and Monetary Union**

Who determines interest rates in Europe?

What is the legal set-up of economic governance in Europe?

What budgetary rules are EU States subject to? And do they differ for States that have adopted the euro?

Can my bank apply different costs for transactions domestically and with another Member State? And will this change in the near future under arrangements called SEPA?

Can I freely invest my euros everywhere in the EU?

What tests do newly acceded States have to pass before adopting the euro?

What, really, is the Stability and Growth Pact?

How is Europe's central bank organized? What rules must the ECB follow?

How come central banks in the USA, the UK and the eurozone sometimes take a different stance in the credit crunch following the sub-prime crisis?

Would adoption of the Lisbon Treaty change the rules on the euro or on budget deficits?

These are just some of the issues that will be studied during this year's course on Economic and Monetary Union. Seven years after the introduction of the single currency, questions concerning Economic and Monetary Union (EMU) are topical as ever. Thus, legal issues surrounding the euro merit a single-focused study.

The EMU law course aims to do just that. It gives the student an introduction to the European Community Treaty provisions on EMU and to major elements of secondary legislation on this subject.

An important object of study is formed by the rules relating to the single currency and those pertaining to the European Central Bank (ECB) and the European System of Central Banks (ESCB). In addition to the law on monetary union, EMU law encompasses the provisions for the adoption of the single currency (convergence criteria), an issue of continued importance with three of the original member States still outside the Eurozone and the newly acceded States having to meet these conditions since 1 May 2004, or since 1 January 2007. The course will also cover the provisions on economic union (policy co-ordination, the excessive deficit procedure and the Stability and Growth Pact, amended in 2005). The economic policy debate has brought the limits of national policy-making sharply into focus. The much-heralded "demise" of the Stability and Growth Pact and the case decided by the European Court of Justice (ECJ) on the Pact's rules warrant a study of the budgetary constraints for Member States under EMU rules. Among the other topics of EMU law, the internal market rules will be the starting point: the freedom to make payments and the free movement of capital are the focus of study, including the «golden share» rulings of the ECJ. Finally, EMU law includes the external aspects of EMU (the Exchange Rate Mechanism between the euro and the «out» currencies and relations with third countries and the International Monetary Fund).

The impact on EMU rules of the Treaty of Nice, the Treaty of Accession, the EU Constitution and the Treaty of Lisbon will be included in this course. After completion, the students will be familiar with the main legal elements of this relatively recent chapter of Community law. The students will be empowered to discuss the legal underpinnings of the economic-policy debate and to see the legal issues of enlargement in a euro-context.

