**FINM8019**

**Doctoral Studies in Corporate Finance**

<table>
<thead>
<tr>
<th>Mode of Delivery</th>
<th>On campus.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prerequisites</strong></td>
<td>To be eligible to enrol in the course, students must be enrolled in an RSFAS or RSE PhD program and have successfully completed undergraduate studies in Investments or its equivalent at a recognized academic institution. Masters students in Finance with a GPA of 6.5 who have completed FINM7008, FINM7007 and FINM7041 may also apply to enrol in the course. This course will be a departmental consent enrolment course.</td>
</tr>
<tr>
<td><strong>Incompatible Courses</strong></td>
<td>You will need to contact the Rsch Sch of Finance, Actuarial Studies &amp; App Stats to request a permission code to enrol in this course.</td>
</tr>
<tr>
<td><strong>Co-taught Courses</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Course Convener:</strong></td>
<td>Kentaro Asai</td>
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<td>(+61) 2 612 57287</td>
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<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:kentaro.asai@anu.edu.au">kentaro.asai@anu.edu.au</a></td>
</tr>
<tr>
<td><strong>Office hours for student consultation:</strong></td>
<td>By appointment</td>
</tr>
<tr>
<td><strong>Research Interests</strong></td>
<td>Political Economy, Banking, Corporate Finance, Applied Microeconomics, Behavioural Studies</td>
</tr>
<tr>
<td><strong>Relevant administrator if any (optional)</strong></td>
<td>Maria Lander</td>
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<td><strong>Email:</strong></td>
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<tr>
<td><strong>Lecturer(s)</strong></td>
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<td><strong>Office hours for student consultation:</strong></td>
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</tbody>
</table>

**SEMESTER 2**

2017
COURSE OVERVIEW

Learning Outcomes
To satisfy the requirements for this course, students will have the knowledge and skills to:
- Discuss the main theoretical and empirical methods of modern corporate finance.
- Critically review previous papers in corporate finance.
- Be able to derive testable hypotheses in corporate finance and methods to test them.
- Communicate various topics on modern corporate finance to a diverse audience.

Assessment Summary

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Value</th>
<th>Due Date</th>
<th>Date for Return of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Problem sets</td>
<td>10% x 2</td>
<td>Aug. 18</td>
<td>Aug. 28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sep. 29</td>
<td>Oct. 9</td>
</tr>
<tr>
<td>2. Referee report</td>
<td>20%</td>
<td>Sep. 1</td>
<td>Sep. 18</td>
</tr>
<tr>
<td>3. Group presentation</td>
<td>20%</td>
<td>Week 8-12</td>
<td>Week 9-12</td>
</tr>
<tr>
<td>4. Project</td>
<td>40%</td>
<td>Nov. 10</td>
<td>Nov. 24</td>
</tr>
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</table>

Research-Led Teaching
This course provides an overview of modern corporate finance. The growth of corporate finance has been spectacular since Modigliani and Miller developed the capital-structure irrelevance proposition in 1958. After reviewing Modigliani and Miller (1958), we study the optimal capital structure under the presence of various frictions in which capital structure affects firm value. We cover static trade-off theory, agency problem, principal-agent model, the mechanism design approach of capital structure, and incomplete contracts. In addition, we cover the literature on investment and banking. Lastly, we cover modern empirical methods to test various hypotheses in corporate finance. In particular, we focus on quasi-experimental and structural approaches. Through assessment tasks, students will be capable of effectively transforming inputs to outputs.

Feedback

Staff Feedback
For Referee report, Group presentation, and Project, individual students will be given feedback through specific evaluation forms that are available at Wattle. For Problem sets, they will be given feedback through grades.

Student Feedback
ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to
Policies

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: http://policies.anu.edu.au/

Students are expected to have read the Academic Misconduct Rule before the commencement of their course.

Other key policies include:

- Student Assessment (Coursework)
- Student Surveys and Evaluations

Required Resources

Commonwealth supported students and domestic full-fee paying students generally must be able to complete the requirements of their program of study without the imposition of fees that are additional to the student contribution amount or tuition fees.

Provided that its payment is in accordance with the Act, a fee is of a kind that is into any one or more of the following categories:

(a) It is a charge for a good or service that is not essential to the course of study.

(b) It is a charge for an alternative form, or alternative forms, of access to a good or service that is an essential component of the course of study but is otherwise made readily available at no additional fee by the higher education provider.

(c) It is a charge for an essential good or service that the student has the choice of acquiring from a supplier other than the higher education provider and is for:

(i) equipment or items which become the physical property of the student and are not consumed during the course of study; or

(ii) food, transport and accommodation costs associated with the provision of field trips that form part of the course of study.

(d) It is a fine or a penalty provided it is imposed principally as a disincentive and not in order to raise revenue or cover administrative costs.

Additional course costs
N/A

Examination material or equipment
N/A
Recommended Resources
N/A

COURSE SCHEDULE

<table>
<thead>
<tr>
<th>Week/Session</th>
<th>Summary of Activities</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction, Empirical methods</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Empirical methods /Capital structure</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Capital structure</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Capital structure</td>
<td>Problem set 1 due</td>
</tr>
<tr>
<td>5</td>
<td>Capital structure</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Capital structure</td>
<td>Referee report due</td>
</tr>
<tr>
<td>7</td>
<td>Banking</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Banking</td>
<td>Presentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Problem set 2 due</td>
</tr>
<tr>
<td>9</td>
<td>Banking</td>
<td>Presentation</td>
</tr>
<tr>
<td>10</td>
<td>Investment</td>
<td>Presentation</td>
</tr>
<tr>
<td>11</td>
<td>Investment</td>
<td>Presentation</td>
</tr>
<tr>
<td>12</td>
<td>Investment</td>
<td>Presentation</td>
</tr>
<tr>
<td></td>
<td>Examination period</td>
<td>Project due</td>
</tr>
</tbody>
</table>

ASSESSMENT REQUIREMENTS

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University's approach to managing
Academic Integrity. For additional information regarding Turnitin please visit the ANU Online website.

Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

As a further academic integrity control, students may be selected for a 15 minute individual oral examination of their written assessment submissions.

Any student identified, either during the current semester or in retrospect, as having used ghost writing services will be investigated under the University’s Academic Misconduct Rule.

**Assessment Tasks**

**Participation**

N/A

**Assessment Task 1: Problem sets**

**Details of task:**
1. Your work has to be done INDIVIDUALLY.
2. Unless otherwise stated on individual instructions, your work has to be WRITTEN IN LATEX OR WORD.
3. Styles and organizations in your write-up matter to your grade.
4. Failure to hand in your work on time will result in a mark of zero.
5. Submit your work through Turnitin, which is the leading academic plagiarism detector.

Students will receive full project details via Wattle on the first session week.

**Assessment Task 2: Referee report**

**Details of task:**
1. Your work has to be done INDIVIDUALLY.
2. Unless otherwise stated on individual instructions, your work has to be WRITTEN IN LATEX OR WORD.
3. Styles and organizations in your write-up matter to your grade.
4. Failure to hand in your work on time will result in a mark of zero.
5. Submit your work through Turnitin, which is the leading academic plagiarism detector.

Students will receive full project details via Wattle on the first session week.

**Assessment Task 3: Group presentation**

**Details of task:**
In some weeks, there will be a student presentation in class time. Students will present and discuss assigned papers. Students are to submit slides to Wattle 24 hours before the presentation is complete through Turnitin, which is the leading academic plagiarism detector.

Students will receive full project details via Wattle on the first session week.

**Assessment Task 4: Project**

**Details of task:**
1. Your work has to be done INDIVIDUALLY.
2. Unless otherwise stated on individual instructions, your work has to be WRITTEN IN LATEX OR WORD.
3. Styles and organizations in your write-up matter to your grade.
4. Failure to hand in your work on time will result in a mark of zero.
5. Submit your work through Turnitin, which is the leading academic plagiarism detector.

Students will receive full project details via Wattle on the first session week.

**Assessment Rubrics**

**Assessment Task 1:** Problem sets
N/A

**Assessment Task 2:** Referee report
Students will receive assessment rubrics via Wattle on the first session week.

**Assessment Task 3:** Group presentation
Students will receive assessment rubrics via Wattle on the first session week.

**Assessment Task 4:** Project
Students will receive assessment rubrics via Wattle on the first session week.

**Examination(s)**
N/A

**Assignment submission**
Assignments are submitted using Turnitin in the course Wattle site. You will be required to electronically sign a declaration as part of the submission of your assignment. Please keep a copy of the assignment for your records. Hard copy submission is not permitted.

**Extensions and penalties**
No submission of assessment tasks without an extension after the due date will be permitted. If an assessment task is not submitted by the due date, a mark of 0 will be awarded.

**Returning assignments**
Assignment grades by evaluation criterion will be attached to returned assessment.

**Resubmission of assignments**
Not permitted.

**Referencing requirements**
See RSFAS's referencing guideline.

**Readings**
There is no prescribed textbook for this course, but there are set readings for each topic:

1. **Empirical Methods**

2. Capital structure choice in a frictionless world

3. Static trade-off theory

4. Debt overhang, risk shifting, and agency problem

5. Hidden actions, hidden states, and incomplete contracts

6. Banking I

7. Banking II

8. Investment under the presence of financial constraints

Scaling
Your final mark for the course will be based on the raw marks allocated for each of your assessment items. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

Privacy Notice
The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor’s terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit ‘content’ to a database, such as an assignment or short answers, the database licensor may only use the student’s ‘content’ in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.

Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensors terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor’s terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances
students should contact their lecturer to enquire about alternative arrangements that are available.

**Tutorial Seminar Registration**

Tutorial signup for this course will be done via the Wattle website. Detailed information about signup times will be provided on Wattle or during your first lecture. When tutorials are available for enrolment, follow these steps:

1. Log on to Wattle, and go to the course site
2. Click on the link “Tutorial enrolment”
3. On the right of the screen, click on the tab “Become Member of…..” for the tutorial class you wish to enter
4. Confirm your choice

If you need to change your enrolment, you will be able to do so by clicking on the tab “Leave group…..” and then re-enrol in another group. You will not be able to enrol in groups that have reached their maximum number. Please note that enrolment in ISIS must be finalised for you to have access to Wattle.

**SUPPORT FOR STUDENTS**

The University offers a number of support services for students. Information on these is available online from [http://students.anu.edu.au/studentlife/](http://students.anu.edu.au/studentlife/)