Ph.D. Seminar
Advanced Topics in Corporate Finance Theory

Professor: Armen Hovakimian
Classroom: 10-215
Class hours: Fridays 10:00 am – till we finish the day’s papers
Office: 10-237
Office hours: Feel free to stop by any time
e-mail: armen_hovakimian@baruch.cuny.edu
Web site: http://faculty.baruch.cuny.edu/ahovakimian/

Course Objective: To introduce students to topics covered and methods used in empirical research in corporate finance. The students will learn to critically read and evaluate papers.

Course Organization: The course follows a seminar format and consists of a series of broad topics in corporate finance, each represented by a set of published and working papers.

Each class meeting will be devoted to student presentations and discussions of 2 papers. The meetings will last as long as it is necessary to finish the discussion of both papers.

This class requires a lot of work to be done on a regular weekly basis. Each student will have to:

- Attend all the classes.
- Read and discuss in class 2 papers per week from the reading list.
- Prepare short summaries of all the papers. That is 2 papers per week. I will require 2 drafts.
  - The first draft must be emailed to me prior to the class in which the paper is discussed.
  - The final summary must be emailed to me prior to the following week’s class. The primary difference between the first draft and the final version is expected to reflect the important points from the class discussion of the paper.
  - The emailed files should be named using your first name followed by the number representing where the paper in our reading list. As an example, armen_12 would be the name of the file with Armen’s first summary for the 12th paper in the reading list. The final summary would be named armen_12_final. Do not combine several summaries in one file.
  - Missed or late summaries as well as summaries that do not conform to the above guidelines will adversely affect your grade.
- Make class presentations of the assigned papers. Your presentation slides should be submitted as the summary for the paper you present.
- Finance students will also write a term paper on a topic in corporate finance. Half of the grade will be based on the proposal, half on the final paper. Proposal should be like an extended introduction to a real paper, with literature review, motivation of the research idea, description of the methodology, and preliminary results, if any. The final version of the term paper should look like a regular working paper in its format and appearance. I will also need your data and programs.
- Non-finance students will have an option to write a referee report on a paper that will be given to them.
- Please note that while I will read and grade your papers, you will not receive any written comments from me, although you can always stop by to discuss your paper and your grade.
The course grade will be determined as follows:

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<tr>
<th></th>
<th>Finance students</th>
<th>Non-Finance students</th>
<th>Due date</th>
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<tr>
<td>Summaries:</td>
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<td>First drafts</td>
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<td>Final summaries</td>
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<td>Participation</td>
<td>10%</td>
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<td>Presentations</td>
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<td>Final exam (take-home)</td>
<td>40%</td>
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<td>May 25</td>
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<td>Proposal for term paper</td>
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<td>Referee report</td>
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<td>April 28</td>
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<td>Term paper</td>
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<td>Total</td>
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The summaries and the participation will be assessed for each class session using the following scale: full credit / half credit / no credit.

**Formats for summaries**

1. Objective
2. Place in the literature - contribution
3. Hypotheses tested
4. Methods used
5. Main results and interpretative findings
6. Other important results, tests, etc.
7. Your thoughts about the paper

A typical summary would consist of 1-4 pages. I encourage using equations with self-explanatory variable names, tables, and other ways of concisely summarizing information. Provide structure to your summaries. Feel free to use numbered lists and bullet points. These are better for summaries than pages of text. The goal is to present the essence of the paper in as few words, paragraphs, and pages as possible. The ideal summary would allow an informed reader to understand the main points of the paper without reading it.

**Supplementary reading:**

The following textbook presents a PhD level review of the theoretical ideas in corporate finance. I encourage you to get it and, at a minimum, review the part that relates to capital structure.

- Tirole, J., The Theory of Corporate Finance

The following two advanced MBA textbooks summarize the theoretical ideas and the empirical literature in corporate finance. The first one is relatively old, the second one is more current.


The following handbook gives a summary of many methods used in empirical corporate finance.

- Eckbo, B. E., editor, Handbook of Corporate Finance
<table>
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<tr>
<th>#</th>
<th>Date</th>
<th>Authors</th>
<th>Year</th>
<th>Title</th>
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<td>Back to the beginning: Persistence and the cross-section of capital structure</td>
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