

**Korea Advanced Institute of Science and Technology**  
**BA 723E**  
**Ph.D. Seminar in Empirical Corporate Finance**  
Spring 2016

Tuesdays & Thursdays from 2:30 until 3:50 p.m.

Room: ??

Professor: Inmoo Lee

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**Required Materials:**

1. Course materials available on the course web site.

**Recommended Materials:**

1. Wooldridge, Jeffrey M., *Econometric Analysis of Cross Section and Panel Data*, MIT Press, 2002.
2. Campbell, John Y., Andrew W. Lo and A. Craig MacKinlay, *The Econometrics of Financial Markets*, Princeton University Press, 1997

**Course Information:**

This course is for Ph.D. students who have taken at least one basic corporate finance theory course and one Econometrics course. During the first six weeks, the course covers some key methodological issues that need to be understood to conduct empirical corporate finance research. For the rest of the semester, we cover studies in various areas of Corporate Finance. Due to time constraints, we cannot cover all areas in Corporate Finance and therefore focus only on some key papers in each major area. By taking this course, students should be prepared to independently explore any empirical Corporate Finance areas that he/she might be interested in. This course will be taught in English and only English should be used in the class.

## **Grading:**

There will be two exams (25% each), 2 mock referee's reports and a number of presentations (15%), three assignments (15%) and a term paper (20%). The mock referee's reports should be written as if you were reviewing the paper for potential publication in a major academic finance journal. There are two papers on the list marked as "[Mock #]". Each report should be approximately 2-5 double-spaced pages in length, and should offer constructive criticisms and useful comments. Since you can be asked to present your reports in the class, please be prepared to present your report. In addition to the reports, you are required to present papers in the class. You can pick papers from the reading list (marked as "[Pre]") and notify me which ones you would like to present. The exact number of presentations will depend on the number of students registered for the class. Three assignments will be given to ask you to work on some empirical analyses and due dates are indicated below. The mid-term exam will be given on **March 22** (Tuesday) and the final exam will be given on **May 17** (Tuesday), 2016. The final exam is semi-comprehensive in the sense that you are responsible for the materials covered in the midterm exam (i.e., you should make sure that you know answers to all questions appeared in the midterm exam). The term paper should be either an original work (including an extension of existing models) or a replication of some empirical studies using updated data. You have to notify me of the topic of your term paper by **March 31**, 2016 and the due date is **May 10**, 2016. You have to present your term paper during the last week of the semester before the final exam (May 10 & 12).

## **Presentation:**

For the presentation of the papers during the first six weeks when the course focuses on the methodologies, you may focus on presenting the relevant parts of the paper, which deal with the methodologies covered during the week. You have to be explicit about why a certain methodology was used (i.e., you have to explain what problem the methodology is trying to deal with). For the rest, you may focus on the theories & hypotheses being tested in the paper, which are related to the main topic of the week, together with main empirical findings and conclusions regarding those hypotheses.

## Course Schedule

The following summarizes topics and articles to be covered in each class during the semester. Both topics and articles to be covered are **subject to change**. Any changes made will be posted on the class web site. Class discussion of articles will focus on key hypotheses/theories, methodologies and results in tables and figures from each article.

Week	Topic	Note
Weeks 1-2	Event Studies: Short-term and long-term performance measures	A make-up session will be arranged for the class on 2/4 No class on 2/9 2/11 (Ass 1)
Week 3	Discrete choice models and endogeneity	
Week 4	How to deal with endogeneity?	2/25 (Ass 2)
Week 5	Panel data	No class on 3/1
Week 6	Self-selection problems and truncated models	3/10 (Ass 3)
Week 7	Capital structures	
Week 8	Mid-term exam (3/22) No Class on 3/24	3/22 (Exam) No class on 3/24
Week 9	Capital raising activities	3/31 (Term Paper Topic)
Week 10	Corporate governance & MA	4/7 (Mock R 1)
Week 11	Dividend and share repurchases	
Week 12	Convertible bonds	4/21 (Mock R 2)
Week 13	Options & corporate finance	
Week 14	Corporate risk management	No class on 5/5
Week 15	Term paper presentations	Term Paper Due on 5/10
Week 16	Final exam (5/17)	5/17 (Final Exam)

## Reading List

### I Methodologies

#### A Event Studies: Short-term and long-term performance measures (Weeks 1-2)

*Recommended:*

- i. Brav, Alon, 2000, Inferences in long-horizon event studies: A Bayesian approach with applications to initial public offerings, *Journal of Finance*.
- ii. Brav, Alon, and Paul A. Gompers, 1997, Myth or reality? The long-run underperformance of initial public offerings: Evidence from venture capital and nonventure capital-backed companies, *Journal of Finance* 52, 1791-1822.
- iii. Brown, Stephen J., and Jerold B. Warner, 1980, Measuring security price performance, *Journal of Financial Economics* 8, 205-258.
- iv. Campbell, John Y., Andrew W. Lo and A. Craig MacKinlay, 1997, *EventStudy Analysis*, Chapter 4 in *The Econometrics of Financial Markets*, Princeton University Press, 149-180.
- v. Eckbo, Masulis and Norli, 2000, Seasoned equity offerings: resolution of the new issues puzzle, *Journal of Financial Economics* 56, 251-291.
- vi. Eckbo, B. Espen, Vojislav Maksimovic, and Joseph Williams, 1990, Consistent estimation of cross-sectional models in event studies, *Review of Financial Studies* 3, 343-366.
- vii. Fama, Eugene F., 1998, Market efficiency, long-term returns, and behavioral finance, *Journal of Financial Economics* 49, 283-306.
- viii. Fama, Eugene F., and Kenneth R. French, 1993, Common risk factors in the returns of stocks and bonds, *Journal of Financial Economics* 33, 3-55.
- ix. Kothari, S.P., and Jerold Warner, 1997, Measuring long horizon security price performance, *Journal of Financial Economics* 43, 301-339.
- x. Lee, Inmoo, 1997, Do firms knowingly sell overvalued equity? *Journal of Finance* 52, 1439-1466.

- xi. Loughran, Tim, and Jay Ritter, 2000, Uniformly least powerful tests of market efficiency, *Journal of Financial Economics* 55, 361-390.
- xii. MacKinlay, A. Craig, 1997, Event studies in economics and finance, *Journal of Economic Literature* 35, 13-39.
- xiii. Prabhala, N., 1997, Conditional methods in event studies and an equilibrium justification for standard event-study procedures, *Review of Financial Studies* 10, 1-38.

*Required:*

- i. Brown, Stephen J., and Jerold B. Warner, 1985, Using daily stock returns: The case of event studies, *Journal of Financial Economics* 14, 331.
- ii. Barber, Brad, and John Lyon, 1997, Detecting long-run abnormal stock returns: The empirical power and specification of test statistics, *Journal of Financial Economics* 43, 341-372.
- iii. Loughran, Tim, and Jay Ritter, 1995, The new issues puzzle, *Journal of Finance* 50, 23-51.
- iv. Lyon, John D., Brad M. Barber, and Chih-Ling Tsai, 1999, Improved methods for tests for long run abnormal stock returns, *Journal of Finance* 54, 165-201
- v. Mitchell, Mark, and Erik Stafford, 2000, Managerial decisions and long-term stock price performance, *Journal of Business* 73, 287-329.
- vi. [Pre] Bessembinder, Hendrik, and Feng Zhang, 2013, Firm characteristics and long-run stock returns after corporate events, *Journal of Financial Economics* 109, 83-102. (matching firms)

## **B Discrete Models and Endogeneity (Week 3)**

*Recommended:*

- i. Baker, M., and S. Savasoglu, 2002, Limited Arbitrage in Mergers and Acquisitions, *Journal of Financial Economics* 64, 9115 (Probit)
- ii. Bennedsen, M., K Nielsen, F. Perez-Gonzalez, and D. Wolfenzon, 2007, Inside the family firm: The role of families in succession

- decisions and performance, *Quarterly Journal of Economics* 122, 647-691. (Instrumental variable)
- iii. Benson, David, and Rosemarie Ziedonis, 2010, Corporate venture capital and the returns to acquiring portfolio companies, *Journal of Financial Economics* 98, 478-499. (Probit)
  - iv. Cornelli, Francesca, Zbigniew Kominek, and Alexander Ljungqvist, 2013, Monitoring managers: Does it matter?, *Journal of Finance* 68, 431-481. (Probit, endogeneity)
  - v. Habib, Michael, and Alexander Ljungqvist, 2001, Underpricing and entrepreneurial wealth losses in IPOs: Theory and evidence, *Review of Financial Studies* 14, 433-458. (Probit, 2SLS)
  - vi. Sorensen, Morten, 2007, How smart is smart money? A two-sided matching model of venture capital, *Journal of Finance* 62, 2725-2762. (Probit, endogeneity)

*Required:*

- i. Wooldridge, Jeffrey M., 2002, *Econometric Analysis of CrossSection and Panel Data*, MIT Press: Cambridge, MA. Chapters 15 & 5
- ii. Roberts, Michael R. and Amir Sufi, 2009, Renegotiation of financial contracts: Evidence from private credit agreements, *Journal of Financial Economics* 93, 159-184. (probit model)
- iii. Roberts, Michael R. and Toni Whited, 2012, Endogeneity in Empirical Corporate Finance, forthcoming *Handbook of the Economics of Finance* vol. 2., ed. George Constantinides, Rene Stulz, and Milton Harris, Elsevier, Amsterdam
- iv. [Pre] Kadyrzhanova, Dalida and Matthew Rhodes-Kropf, 2011, Concentrating on governance, *Journal of Finance* 66, 1649-1685. (Probit, marginal effects)

**C How to Deal with Endogeneity? (Week 4)**

*Recommended:*

- i. Bena, Jan and Kai Li, 2013, Corporate innovations and mergers and acquisitions, *Journal of Finance*, forthcoming. (Diff-in-diffs estimation)

- ii. Chava, Sudheer and Michael Roberts, 2008, How does financing impact investment? The role of debt covenant violations, *Journal of Finance* 63, 2085-2121. (RDD)
- iii. Cornelli, Francesca, Zbigniew Kominek, and Alexander Ljungqvist, 2013, Monitoring managers: Does it matter?, *Journal of Finance* 68, 431-481.
- iv. Heider, Florian, and Alexander Ljungqvist, 2015, As certain as debt and taxes: Estimating the tax sensitivity of leverage from state tax changes, *Journal of Financial Economics* 118, 684-712 (Treatment effects).
- v. Krishnan, Karthik, Debarshi K. Nandy, and Manju Puri, 2015, Does financing spur small business productivity? Evidence from a natural experiment, *Review of Financial Studies* 28, 1768-1809. (RDD)
- vi. Ljungqvist, Alexander, and William J. Wilhelm, Jr., 2003, IPO Pricing in the Dot-com Bubble, *Journal of Finance* 58, 723-752. [Focus on the 2SLS regressions in Table VI.]
- vii. Perez-Gonzalez, Francisco and Hayong Yun, 2013, Risk management and firm value: Evidence from weather derivatives, *Journal of Finance* 68, 2143-2176 (2SLS)
- viii. Rauh, Joshua D., 2006, Investment and financing constraints: Evidence from the funding of corporate pension plans, *Journal of Finance* 61, 3371. (RDD)

*Required:*

- i. Wooldridge, Jeffrey M., 2002, *Econometric Analysis of CrossSection and Panel Data*, MIT Press: Cambridge, MA. Chapters 5.
- ii. Roberts, Michael R. and Toni Whited, 2012, Endogeneity in Empirical Corporate Finance, forthcoming *Handbook of the Economics of Finance* vol. 2., ed. George Constantinides, Rene Stulz, and Milton Harris, Elsevier, Amsterdam
- iii. Coles, Jeffrey, Michael Lemmon and Felix Meschke, 2012, Structural models and endogeneity in corporate finance: the link between managerial ownership and corporate performance, *Journal of Financial Economics* 103, 149-168.
- iv. [Pre] Knyazeva, Anzhela, Diana Knyazeva, and Ronald W. Masulis, 2013, The supply of corporate directors and board inde-

pendence, *Review of Financial Studies* 26, 1561-1605. (2SLS, Hausman test)

## D Panel Data (Week 5)

### *Recommended:*

- i. Antoniou, Antonios, Yilmaz Guney and Krishna Paudyal, 2008, The determinants of capital structure: Capital market-oriented versus bank-oriented institutions, *The Journal of Financial and Quantitative Analysis* 43, 59-92. (Two-step system GMM)
- ii. Bebhuk, Lucian, Yaniv Grinstein and Urs Peyer, 2010, Lucky CEOs and lucky directors, *Journal of Finance* 65, 2363-2401 (fixed effects, clustered standard errors)
- iii. Blundell, Richard, and Stephen Bond, 1998, Initial conditions and moment restrictions in dynamic panel data models, *Journal of Econometrics* 87, 1151-143. (System GMM)
- iv. Brockman, Paul, Xiumin Martin and Emre Unlu, 2010, Executive compensation and the maturity structure of corporate debt, *Journal of Finance* 65, 1123-1161. (fixed effects)
- v. Duchin, Ran, 2010, Cash holdings and corporate diversification, *Journal of Finance* 65, 955-992. (fixed effects, clustered standard errors).
- vi. Flannery, Mark, and Kasturi Rangan, 2006, Partial Adjustment Towards Target Capital Structures, *Journal of Financial Economics* 79, 469-506 [Fixed effects, FM: potential problem of using mean differencing method for the data with a short times-series]
- vii. Lemmon, Michael, Michael R. Roberts, and Jaime F. Zender, 2008, Back to the beginning: Persistence and the cross-section of corporate capital structure, *Journal of Finance* 63, 1575-1608 (fixed effects vs. pooled OLS, system GMM, clustered standard error estimates)

### *Required:*

- i. Wooldridge, Jeffrey M., 2002, *Econometric Analysis of CrossSection and Panel Data*, MIT Press: Cambridge, MA. Chapters 10
- ii. Huang, Rongbing and Jay R. Ritter, 2009, Testing Theories of Capital Structure and Estimating the Speed of Adjustment, *Jour-*



nal of Financial and Quantitative Analysis 44, 237-271. (Focus on Section V)

- iii. Peterson, Mitchell, 2009, Estimating Standard Errors in Finance Panel Data Sets: Comparing Approaches, Review of Financial Studies 22, 435-480.
- iv. Thompson, Samuel, 2010, Simple formulas for standard errors that cluster by both firm and time, Journal of Financial Economics 99, 1-10.
- v. [Pre] Gormley, Todd A., and David A. Matsa, 2014, Common errors: How to (and not to) control for unobserved heterogeneity, Review of Financial Studies, 27, 617-661.

## **E Truncated Models and Self-Selection Problems (Week 6)**

*Recommended:*

- i. Bris, A., Zhu, N., Welch, I., 2006. The cost of bankruptcy: Chapter 7 liquidation versus Chapter 11 reorganization, Journal of Finance 61, 1253-1303. (Heckman self-selection)
- ii. Colak, Gonul and Toni M. Whited, 2007, Spin-offs, Divestitures, and Conglomerate Investment, Review of Financial Studies 20, 557-595 (propensity score).
- iii. Dunbar, C. G., 1995, The use of warrants as underwriter compensation in initial public offerings. Journal of Financial Economics 38, 59-78 (The Roy model)
- iv. Fang, L.H., 2005, Investment bank reputation and the price and quality of underwriting services, Journal of Finance 60, 2729-2761 (Switching regression).
- v. Graham, John R., How Big Are the Tax Benefits of Debt? Journal of Finance (October 2000), Vol. 55, No. 5, pp. 1901-1941. (Tobit)
- vi. Kayhan, Ayla, and Sheridan Titman, 2007, Firms Histories and Their Capital Structures, Journal of Financial Economics 83, 1-32. (Tobit in Table B.1)
- vii. Li, X., and X. Zhao, 2006, Is there an SEO puzzle? Journal of Empirical Finance 13, 351-370 (Propensity score).
- viii. Seru, Amit, 2013, Firm Boundaries Matter: Evidence from Conglomerates and R&D Activity (earlier titled Do Conglomerates

- Stifle Innovation?), *Journal of Financial Economics*, Forthcoming. (selection bias, treatment effects, difference-in-differences)
- ix. Villalonga, B. and R. Amit, 2006, How do family ownership, control, and management affect firm value? *Journal of Financial Economics* 80, 385-417 (Heckman self-selection model).

*Required:*

- i. Wooldridge, Jeffrey M., 2002, *Econometric Analysis of CrossSection and Panel Data*, MIT Press:Cambridge, MA. Chapters 16 & 18
- ii. Li, K., and N.R. Prabhala, 2007, "Self-Selection Models in Corporate Finance," *Handbook of Corporate Finance: Empirical Corporate Finance Vol. I*, ed. B. E. Eckbo, in the *North Holland Handbooks in Finance*, Elsevier Science B.V., Chapter 2, 37-86.
- iii. Campa, Jose Manuel and Simi Keida, 2002, Explaining the diversification discount, *Journal of Finance* 57, 1731-1762.
- iv. Jiang, Wei, Kai Li, and Wei Wang, 2012, Hedge funds and chapter 11, *Journal of Finance* 67, 513-559.
- v. [Pre] Ross, David G., 2010, The Dominant Bank Effect: How high lender reputation affects the information content and terms of bank loans, *Review of Financial Studies* 23, 2730-2756 (endogeneity of matching between lender and borrower, simultaneously estimated two-step treatment effects estimation) .

## II Empirical Corporate Finance Researches

### A Capital Structures (Weeks 7)

*Recommended:*

- i. Booth, L., V. Aivazian, A. Demirguc-Kunt, and V. Maksimovic, Capital Structures in Developing Countries, *Journal of Finance* (Feb. 2001) Vol. 56, No. 1, pp. 87-130.
- ii. Chevalier, Judith, 1995, Do LBO supermarkets charge more? An empirical analysis of the effects of LBOs on supermarket pricing, *Journal of Finance* 50, 1095-1112.

- iii. Custodio, Claudia, Miguel A. Ferreira, and Luis Laureano, 2013, Why are US firms using more short-term debt?, *Journal of Financial Economics* 108, 182-212.
- iv. Danis, Andras, Daniel A. Rettl, and Toni M. Whited, 2014, Refinancing, profitability, and capital structure, *Journal of Financial Economics* 114, 424-443.
- v. DeAngelo, Harry, and Richard Roll, 2015, How stable are corporate capital structures?, *Journal of Finance* 70, 373 - 418.
- vi. Dierker, Martin, Jun-Koo Kang, Inmoo Lee and Sung Won Seo, 2015, Risk changes and the dynamic trade-off theory of capital structure, KAIST Working Paper.
- vii. Fama, Eugene F., and Kenneth R. French, 2002, Testing trade-off and pecking order predictions about dividends and debt, *Review of Financial Studies* 15, 1-34.
- viii. Graham, John R., Mark T. Leary, and Michael R. Roberts, 2015, A century of capital structure: The leveraging of corporate America, *Journal of Financial Economics* 118, 658-683.
- ix. Graham, John R., and A L. Tucker, 2006, Tax shelters and corporate debt policy, *Journal of Financial Economics* 81, 563-594
- x. Hortacsu, Ali, Gregor Matvos, Chad Syverson and Sriram Venkataraman, 2013, Indirect costs of financial distress in durable goods industries: The case of auto manufacturers, *Review of Financial Studies* 26, 1248-1290.
- xi. Hovakimian, A., A. Kayhan, and S. Titman, 2012, Are corporate default probabilities consistent with the static trade-off theory? *Review of Financial Studies* 25, 315-340.
- xii. Jun, Nengjiu, Robert Parrino, Allen Poteshman and Michael Weisbach, 2005, Horses and rabbits? Trade-off theory and optimal capital structure, *Journal of Financial and Quantitative Analysis* 40, 259-281.
- xiii. Leary, M, and M. Roberts, 2005, Do firms rebalance their capital structures? *Journal of Finance* 60, 2575-2619.
- xiv. Leary, Mark and Michael Roberts, 2010, The Pecking Order, Debt Capacity, and Information Asymmetry,” *Journal of Financial Economics* 95, 332-355.
- xv. Lemmon, Michael and Jaime Zender, 2010, Debt capacity and

- tests of capital structure theories, *Journal of Financial and Quantitative Analysis* 45, 1161-1187.
- xvi. Lin, Leming and Mark J. Flannery, 2013, Do personal taxes affect capital structure? Evidence from the 2003 tax cut, *Journal of Financial Economics* 109, 549-565.
  - xvii. Opler, Tim C., and Sheridan Titman, 1994, Financial Distress and Corporate Performance, *Journal of Finance* 49, 1015-1040
  - xviii. Rajan, Raghuram, and Luigi Zingales, "What Do We Know about Capital Structure? Some Evidence from International Data," *Journal of Finance* (December 1995), Vol. 50, No. 5, pp. 1421-1460.
  - xix. Saretto, Alessio, and Heather E. Tookes, 2013, Corporate leverage, debt maturity, and credit supply: The role of credit default swaps, *Review of Financial Studies* 26, 1190-1247.
  - xx. Shyam-Suder, L., and S.C. Myers, 1999, Testing static tradeoff against pecking order models of capital structure, *Journal of Financial Economics* 51, 219-244.
  - xxi. Simintzi, Elena, Vikrant Vig, and Paolo Volpin, 2015, Labor protection and leverage, *Review of Financial Studies* 28, 561-591.
  - xxii. Strebulaev, I. A., 2007, Do tests of capital structure theory mean what they say?, *Journal of Finance* 62, 1747-1787.
  - xxiii. Subrahmanyam, Marti G., Dragon Yongjun Tang, and Sarah Qian Wang, 2014, Does the tail wag the dog?: The effect of credit default swaps on credit risk, *Review of Financial Studies* 27, 2927-2960.
  - xxiv. Welch, Ivo, Capital Structure and Stock Returns, *Journal of Political Economy* (Feb. 2004) Vol. 112, No. 1, pp. 106-131.
  - xxv. [Mock 1] Giroud, Xavier and Holger M. Mueller, 2015, Capital and labor reallocation within firms, *Journal of Finance* 70, 1767 - 1804.

*Required:*

- i. Baker, Malcolm, and Jeffrey Wurgler, 2002, Market Timing and Capital Structure *Journal of Finance* 57, No. 1, pp. 1-32.
- ii. Flannery, Mark, and Kasturi Rangan, 2006, Partial Adjustment Towards Target Capital Structures, *Journal of Financial Economics* 79, 469-506

- iii. Frank, Murray and Vidhan Goyal, 2003, Testing the pecking order theory of capital structure, *Journal of Financial Economics* 67, 217-248.
- iv. Parsons, Christopher, and Sheridan Titman, 2008, Empirical Capital Structure: A Review, *Foundations and Trends in Finance*, Vol. 3, No. 1, 1-93 ([http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2131759](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2131759))
- v. [Pre] Leary, Mark T., and Michael R. Roberts, 2014, Do peer firms affect corporate financial policy?, *Journal of Finance* 69, 139-178.

## B Capital Raising Activities (Week 9)

### *Recommended:*

- i. Baker, Malcolm, and Jeffrey Wurgler, The Equity Share in New Issues and Aggregate Stock Returns, *Journal of Finance* (October 2000) Vol. 55, No. 5, 2219-2257.
- ii. Bayless, Mark, and Susan Chaplinsky, 1996, Is there a window of opportunity for seasoned equity issuance?, *Journal of Finance* 51, 253-278.
- iii. Bradley, Daniel J., Bradford D. Jordan, and Jay R. Ritter, Analyst Behavior Following IPOs: The Bubble Period Evidence, *Review of Financial Studies* (January 2008) Vol. 21, No. 1, pp. 101-133.
- iv. Brav, Alon, and Paul A. Gompers, 2003, The role of lock-ups in initial public offerings, *Review of Financial Studies* 16, 1-29.
- v. Chakraborty, Indraneel, and Nickolay Gantchev, 2013, Does shareholder coordination matter? Evidence from private placements, *Journal of Financial Economics* 108, 213-230.
- vi. Chemmanur, Thomas J., and Paolo Fulghieri, 2014, Entrepreneurial finance and innovation: An introduction and agenda for future research, *Review of Financial Studies* 27, 1-19.
- vii. Chemmanur, Thomas J., Elena Loutskina, and Xuan Tian, 2014, Corporate venture capital, value creation, and innovation, *Review of Financial Studies* 27, 2434-2473.

- viii. Chen, Hsuan-Chi, and Jay Ritter, 2000, The seven percent solution, *Journal of Finance*, 55, 1105-1131.
- ix. Choe, Hyuk, Ronald W. Masulis, and Vikram Nanda, 1993, Common stock offerings around the business cycle, *Journal of Empirical Finance* 1, 3-31.
- x. Doidge, Craig, G. Andrew Karolyi, and Rene M. Stulz, 2013, The U.S. left behind? Financial globalization and the rise of IPOs outside the U.S., *Journal of Financial Economics* 110, 546-173.
- xi. Ellis, K., Maureen OHara, and Roni Michaely, 2000, When the underwriter is the market maker: An examination of trading in the IPO aftermarket, *Journal of Finance*, 55, 1039-1074.
- xii. Gao, Xiaohui and Jay Ritter, and Zhongyan Zhu, 2013, Where Have All the IPOs Gone?, forthcoming, *Journal of Financial and Quantitative Analysis*.
- xiii. Gao, Xiaohui, and Jay R. Ritter, 2010, The Marketing of Seasoned Equity Offerings, *Journal of Financial Economics* 97, 33-52. Greenwood, Robin, and Samuel G. Hanson, 2012, Share Issuance and Factor Timing, *Journal of Finance* 67, 761-798.
- xiv. Karpoff, Jonathan M., Gemma Lee, and Ronald W. Masulis, 2013, Contracting under asymmetric information: Evidence from lockup agreements in seasoned equity offerings, *Journal of Financial Economics* 110, 607-626.
- xv. Loughran, Tim, and Bill McDonald, 2013, IPO first-day returns, offer price revisions, volatility, and form S-1 language, *Journal of Financial Economics* 109, 307-326.
- xvi. McLean, R. David, 2011, Share issuance and cash savings, *Journal of Financial Economics* 99, 693-715.
- xvii. Nanda, Ramana, and Mathew Rhodes-Kropf, 2013, Investment cycles and startup innovation, *Journal of Financial Economics* 110, 403-418.
- xviii. Ozmel, Umit, David T. Robinson, and Toby E. Stuart, 2013, Strategic alliances, venture capital, and exit decisions in early stage high-tech firms, *Journal of Financial Economics* 107, 655-670.
- xix. Tian, Xuan, 2011, The causes and consequences of venture capital stage financing, *Journal of Financial Economics* 101, 132-159.

*Required:*

- i. Beatty, Randolph P., and Jay R. Ritter, 1986, Investment banking, reputation, and the pricing of initial public offerings, *Journal of Financial Economics* 15, 213-232.
- ii. Dass, Nishant, and Massimo Massa, 2014, The variety of maturities offered by firms and institutional investment in corporate bonds, *Review of Financial Studies* 27, 2219-2266.
- iii. Lyandres, Evgeny, Le Sun and Lu Zhang, 2008, The new issues puzzle: Testing the investment-based explanation, *Review of Financial Studies* 21, 2825-2855.
- iv. [Pre] Bernstein, Shai, 2015, Does going public affect innovation?, *Journal of Finance* 70, 1365 - 1403.

**C Corporate Governance and M&A (Week 10)**

*Recommended:*

- i. Ahern, Kenneth, Daniele Daminelli, and Cesare Fracassi, 2015, Lost in translation? The effect of cultural values on mergers around the world, *Journal of Financial Economics* 117, 165-189.
- ii. Bodnaruk, Andriy, Massimo Massa, and Andrei Simonov, 2013, Alliances and corporate governance, *Journal of Financial Economics* 2013, 671-693.
- iii. Erel, Isil, Yeejin Jang, and Michael S. Weisbach, 2015, Do acquisitions relieve target firms' financial constraints?, *Journal of Finance* 70, 289 - 328.
- iv. Fu, Fangjian, Leming Lin, and Micah S. Officer, 2013, Acquisitions driven by stock overvaluation: Are they good deals?, *Journal of Financial Economics* 109, 24-39.
- v. Gorbenko, Alexander S., and Andrey Malenko, 2014, Strategic and financial bidders in takeover auctions, *Journal of Finance* 69, 2513-2555.
- vi. Hermalin, Benjamin E., and Michael S. Weisbach, 1988, The determinants of board composition, *Rand Journal of Economics* 19, 589-606.

- vii. Jensen, Michael C., and Richard S. Ruback, 1983, The Market for Corporate Control: The Scientific Evidence, *Journal of Financial Economics* 11, 5-50.
- viii. Jensen, Michael C., and Kevin J. Murphy, 1990, Performance pay and top-Management Incentives, *Journal of Political Economy* 98, 225-264.
- ix. LaPorta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny, Legal Determinants of External Finance, *Journal of Finance* (July 1997) Vol. 52, No. 3, pp. 1131-1150.
- x. La Porta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert Vishny, 2000, Investor protection and corporate governance, *Journal of Financial Economics* 58, 3-27.
- xi. Loughran, Tim and Anand M. Vijh, 1995, The Post-Acquisition Returns of Cash vs. Stock Acquirers, Working Paper, University of Iowa.
- xii. Maksimovic, Vojislav, Gordon Phillips, and Liu Yang, 2013, Private and public merger waves, *Journal of Finance* 68, 2177-2217.
- xiii. Mitchell, Mark, Todd Pulvino, and Erik Stafford, 2004, Price pressure around mergers, *Journal of Finance* 59, 31-63.
- xiv. Morck, Randall, Andrei Shleifer and Robert Vishny, 1990, Do Managerial Objectives Drive Bad Acquisitions, *Journal of Finance* 45, 3148.
- xv. Rau, Raghavendra P. and Theo Vermaelen, 1998, Glamour, value and the post-acquisition performance of acquiring firms, *Journal of Financial Economics* 49, 223-253.
- xvi. Schwartz-Ziv, Miriam, and Michael S. Weisbach, 2013, What do boards really do? Evidence from minutes of board meetings, *Journal of Financial Economics* 108, 349-366.
- xvii. Shleifer, Andrei and Robert Vishny, 1986, Large Shareholders and Corporate Control, *Journal of Political Economy* 94, 461-488.
- xviii. Shleifer, Andrei, and Robert Vishny, 1997, A Survey of Corporate Governance, *Journal of Finance* 52, 737-783.
- xix. Weisbach, Michael, 1988, Outside directors and CEO turnover, *Journal of Financial Economics* 20, 431-460.



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- i. Bargeron, Leonce, Manoj Kulchania, and Shawn Thomas, 2011, Accelerated share repurchases, *Journal of Financial Economics* 101, 69-89.

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- i. Dutordoir, Marie, Craig Lewis, James Seward, and Chris Veld, 2014, What we do and do not know about convertible bond financing, *Journal of Corporate Finance* 24, 3-20.
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- iii. Henderson, Brian J., and Heather Tookes, 2013, Do investment banks relationships with investors impact pricing? The case of convertible bond issues, *Management Science* 58, 2272-2291.

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- ii. Grullon, Gustavo, Evgeny Lyandres and Alexei Zhdanov, 2012, Real options, volatility and stock returns, *Journal of Finance* 67, 1499-1537.
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