**Advanced Corporate Finance**
Spring 2015, MA & PhD program
Wang Yanan Institute for Studies in Economics
Xiamen University

**Instructor**
Jiaquan YAO, Assistant Professor of Finance, Wang Yanan Institute for Studies in Economics, Economics Building D313, E-Mail: jqyaowise@gmail.com.

**Lecture Time and Location**
4:40-6:20PM Tuesday, TongAn1-105
10:10-11:50AM Friday, NanQiang2-501

**Teaching Assistant**
Ruoyu Weng, PhD candidate in Finance, wengry223@gmail.com

**Office Hours**
After class or 2:30-4:30 pm Thursday by appointment

**Course Materials**

What’s Hot in Finance? (2008-12), Kelley School of Business, Indiana University


*Corporate Governance* by Kim and Nofsinger, 2nd edition.

Published corporate finance papers in leading journals, like finance top 4 (JF, JFE, RFS, JFQA), accounting top 5 (JAE, JAR, TAR, RAST, CAR), economics top 5 (AER, ECTA, JPE, QJE, ReStud), and MS.¹

Course Description

The course is designed to provide students to the empirical methodologies and evidences on the various topics in corporate finance. By this course, students are trained how to finish a complete paper.

Course Format

For this spring semester, we have 14 teaching weeks and 28 lessons. At the first lesson, I would like to give a whole picture about corporate finance research and briefly talk about my own research interests. I will also go through the parts 1, 4, and 5 in “Financial Markets and Corporate Strategy” and the key subjects in “Corporate Governance” in the subsequent lessons.

36 papers are selected for presentations and they are highlighted with grey in the reading list. I will present two of them (Myers and Majluf (1984), Flannery and Rangan (2006)). When we discuss the Flannery and Rangan (2006), I will use Stata to show you how to execute data cleaning and regression analysis for a paper.

The remaining 34 papers are for students. (the actual number of papers presented is subject to the class size.) There is 30 minutes for each of the presentation papers. At the beginning of the presentation, I may talk about the background of the presented paper. After finishing the presentation, I will summarize the key points and make some extensions (e.g. the other papers within same topic). Each student responsible for presentation should provide all class members with a summary (PowerPoint) of the paper. The PowerPoint should be submitted to net drive (Jinshan Kuaipan) at least one day before the presentation.

At the end of the semester, the students should also need to present their group works. Each group has 45 minutes, including discussions.

Grading Policy

Students need to do their own presentations. In addition, audiences are encouraged to actively ask presenter questions and discuss with peers. Each student also needs to submit a research proposal. The research proposal should contain literature review, hypothesis, methodology, etc. It should be an original work (idea) and should not be the simple replication (AER), Econometrica (ECTA), Journal of Political Economy (JPE), Quarterly Journal of Economics (QJE), Review of Economic Studies (ReStud) and Management Science (MS).
of other existing papers. Students decide the topics of the proposal by themselves.

- Presentation: 30% (understanding of the paper 25%, presentation attitude 5%)
- Group work: 30% (More details will be announced in the class)

**Literature review**

- What’s hot in Chinese corporate finance studies (English journals)
- What’s hot in Chinese corporate finance studies (Chinese journals)
- Collection of natural experiments in top journals (at least 5 examples)
- Split share structure reform in China

**Case study**

- Shanghai-Hong Kong Stock Connect and its impact on Chinese stock market

**Referee Report**

A paper will be assigned to write a referee report. The students in this group need to summarize the Welch (2014) at the beginning of their presentation.

- Research Proposal: 20% (2-3 double-spaced pages in length)
- Final exam (open book): 20%
Tentative reading list

(The papers selected for presentations are highlighted with grey)

1. Capital structure


2. Corporate policies

A. Investment


Franzoni, F. 2009. Underinvestment vs. overinvestment: Evidence from price reactions to pension


B. Raising capital and financing


C. Cash holdings


D. Dividend payout policy


Leary, M. T., and R. Michaely, 2011, Determinants of dividend smoothing: Empirical evidence,
E. Cash flow sensitivity


3. IPO

A. IPO underpricing


B. Role of institutional investors


C. Underwriter


4. Corporate governance and takeovers

A. CEO


B. Board directors


C. Mergers and acquisitions


D. Governance and equity prices


5. Textual analysis


6. Institutional investors


7. Financial Analysts


8. Empirical methodologies


Reborts and Whited, 2013, Endogeneity in Empirical Corporate Finance, Handbook of the Economics of Finance Volume 2, Part A


9. Chinese studies


