

 <b>FLORIDA ATLANTIC UNIVERSITY</b>	<b>COURSE CHANGE REQUEST</b> <b>Graduate Programs</b>		UGPC Approval _____ UFS Approval _____ SCNS Submittal _____ Confirmed _____ Banner _____ Catalog _____
	<b>Department</b> <sup>Finance</sup> <b>College</b> College of Business		
<b>Current Course Prefix and Number</b> Fin 7932		<b>Current Course Title</b> Seminar in International Finance	
<i>Syllabus must be attached for ANY changes to current course details. See <a href="#">Guidelines</a>. Please consult and list departments that may be affected by the changes; attach documentation.</i>			
<b>Change title to:</b>  <b>Change prefix</b> From: _____ To: _____ <b>Change course number</b> From: 7932 To: 7938 <b>Change credits*</b> From: _____ To: _____ <b>Change grading</b> From: _____ To: _____ <b>Academic Service Learning (ASL) **</b> Add <input type="checkbox"/> Remove <input type="checkbox"/>		<b>Change description to:</b>  <b>Change prerequisites/minimum grades to:</b>  <b>Change corequisites to:</b>  <b>Change registration controls to:</b>  Please list existing and new pre/corequisites, specify AND or OR and include minimum passing grade.	
<b>Effective Term/Year for Changes:</b> Fall 2021		<b>Terminate course? Effective Term/Year for Termination:</b>	
<b>Faculty Contact/Email/Phone</b> Doug Cumming/cummingd@fau.edu/561-562-0764			
<b>Approved by</b> Department Chair _____ <i>Emilio Zarauk</i> College Curriculum Chair _____ <i>Chaiton Pennother</i> College Dean _____ <i>Ken Johnson</i> UGPC Chair _____ UGC Chair _____ Graduate College Dean _____ UFS President _____ Provost _____		<b>Date</b> _____ <i>3/15/21</i> _____ <i>3/15/21</i> _____ <i>3/17/21</i> _____ _____ _____	

Email this form and syllabus to [UGPC@fau.edu](mailto:UGPC@fau.edu) 10 days before the UGPC meeting.



FLORIDA ATLANTIC UNIVERSITY



**FIN 7932-01**

**16136**

**SEMINAR IN CURRENT FINANCIAL RESEARCH: INTERNATIONAL FINANCE**

**SPRING 2020**

**Phil Smith Hall 102**

**2:00pm-4:50pm MONDAY**

**Instructor:** Dr. Luis Garcia

**Office:** FL108 PhD Lab (Boca), #451 (Davie)

**E-mail:** [Luis.Garcia@fau.edu](mailto:Luis.Garcia@fau.edu)

**Tel:** 954-236-1239

**Office Hours:** Monday 5:00-6:30pm; other times by appointment.

### **Required Text and Materials**

The required articles for this course are listed on the schedule at the bottom of this syllabus. You do not need to purchase any book for this course.

Articles will be assigned to students for presenter and discussant roles. The exception are articles covered on exam days, or articles marked as “group discussion,” which will be discussed by the class as a group (i.e., no presenter or discussant roles).

However, all students will need to turn in a one-page summary of all articles scheduled for presentation and discussion (including for “group discussion”). The summary will be emailed to me no later than 8am of the day the article will be presented and discussed in class.

### **Course Description**

The purpose of this seminar is to (1) provide Ph.D. students with a background on international finance topics so that they may be able to teach a course on international finance, (2) to develop the research creativity and writing skills of Ph.D. students (through a required research paper), and (3) to develop the presentation and teaching skills of Ph.D. students (through the role of presenter and discussant of assigned articles, and presentation of the student’s own research paper).

### **Course Prerequisites and Credit Hours**

This course is for Ph.D. students only and it’s worth three credit hours. You should have taken the PhD course in research methods and an Econometrics course.

You also need some basic background on the topics covered on the course syllabus. Specifically, you should have a basic understanding of:

- purchasing power parity (PPP)
- interest rate parity (IRP) and what a high foreign interest rate implies about the forward premium or discount
- the international Fisher effect (IFE)
- how firms are exposed to exchange rate risk
- the difference between transaction exposure, economic exposure, and translation exposure

The background above is the minimum that you need before taking this course. Do not wait for me to prompt you in class about learning this background. Please make sure you are ready before the first class.

### **Course Learning Objectives**

The learning outcomes for students are to:

- to compare and contrast findings of research in international finance,
- apply your knowledge to real world situations so that you are capable of teaching international finance at an undergrad or MBA level in the future,
- develop skills in research methods used to conduct research in international finance,
- develop a research idea in international finance and apply your knowledge and skills to conduct analysis and complete a paper of the quality that may be submitted to a refereed journal,
- develop skills in assessing your own research and the research conducted by others,
- develop presentation skills for presenting your own research and discussing the research conducted by others.

### **Grading Scale**

There are 100 possible points for the course, distributed as follows:

Class participation	25%
Midterm Exam	30%
Final Exam	20%
Research paper and presentation	25%
Total	100

### **Course Evaluation Method**

**EXAMS:** There will be two exams. The exams are intended to make sure that students are grasping the key concepts at an early stage in the course. I will offer some information on how to study for the exams in the class prior to the exam.

**CLASS PREPARATION AND PARTICIPATION:** Students will be responsible for presenting and discussing assigned papers. However, I expect you will read and participate in discussions of all articles, even if you are not presenting or discussing them. Class participation, which includes article presentations/discussions, is worth 25% of the grade total.

**Preparing for Class:** You should prepare for each class by developing a written summary of each assigned article that addresses the following five points below (if you are presenting, your summary/power point presentation will of course be longer and more thorough than your summary of a paper you are not presenting/discussing).

1. **MOTIVATION:** What is the goal of this article? (This goal reflects an informal statement of the main hypothesis). How does the article contribute (according to its authors) beyond other related articles that were published before it? (Try to recognize from the article what the foundation of related research is, from which this article was developed).

2. **HYPOTHESIS.** What is the main hypothesis? [There may be more than one main hypothesis.] Typically, each hypothesis specifies how one variable (X) is related (positively or inversely) to another variable (Y).

3. **METHODOLOGY.** What is the methodology used in the article? You should be able to explain the steps in the methodology as if you were going to run the analysis yourself. The exact sample size is not as relevant as the specific variables that are assessed and the form of the model (which variable is a dependent variable?) Make sure you understand how the methodology is linked to the hypotheses. For example, the model  $[Y = a + bX_1 + cX_2 + \text{error term}]$  may be used to test hypotheses that  $X_1$  is positively (or inversely) related to Y, and that  $X_2$  is positively (or inversely) related to Y. The variables  $X_1$  and  $X_2$  serve as a proxies for the characteristics listed in the hypotheses. There are often many control variables in the model. You are not expected to memorize every control variable, but at least try to understand the logic of why each control variable is included, as it will help you identify control variables for your own research.

4. **RESULTS.** What were the results from applying the methodology? (Focus on which variables were significant, and the direction of the relationship between each X and Y (which will either support or refute a hypothesis). Do not dwell on the exact t-statistic, etc.

5. **IMPLICATIONS.** What are the implications? (Tie this back to the goal of the article, as the implications should respond to the key hypotheses). Make sure that you recognize the real-world implications of each article, as these implications should help you improve your teaching skills.

Most papers briefly state their results right after they state their goal, but we will not cover the results until after discussing the methodology. The class discussion covers various aspects of each article, and may even include limitations of the article and potential research ideas that could be extensions of each article.

**Creating a Summary of Each Assigned Academic Article:** Creating a summary of each assigned article will ensure that you have a basic understanding of each article and that you have an organized set of notes by the end of the semester that you can use to study for the final exam. In addition, this set of notes will be useful when studying for the finance comps. The idea is to take the language of academic finance and to discuss it in a manner that is a little more understandable. The task of translating is important because it gives you practice in trying to make sense out of academic articles, which you need to understand to do your own research. So

do not just copy difficult sentences out of the article and read them in class. This does not help you understand the material. Your summary should serve as a reference guide, not as a prepared speech. And it should help you and others understand the article.

**REQUIRED PAPER:** A paper is required in order to help students develop an expertise on a topic related to international finance, to enhance their creativity, and to enhance their writing skills. Ideally, the paper may lead to a dissertation topic, or may be published in an academic journal. But it is not intended to substitute as part of your dissertation someday. That is, the paper is a requirement for this course and the dissertation is a separate requirement. The goal here is to ensure that you have a chance to develop your skills in doing applied research. You can consider any topic that could fit international finance. This allows much flexibility. If you are unsure whether the topic you are considering would fit this course, email me your proposed idea before the first class and I will respond.

Your paper will make up 25% of your total grade. You might also be asked to hand in any computer codes related to the research and results shown in the paper.

The research paper should be sufficiently original and rigorous to be submitted to an academic journal. It should contain the following components:

**ABSTRACT.** Briefly describe your research and how it differs from other related research.

**INTRODUCTION.** which motivates your research idea. The point of motivation is to justify the existence of your paper, which means your contribution beyond other work. If journal reviewers do not see motivation, they will have rejected the paper without going any further.

**REVIEW OF RELATED LITERATURE.** Make sure you explain at the end of this section how your idea contributes beyond the existing related literature. Perhaps you could say something like this:

The research most closely related to my study is by \_\_\_\_\_, who do [whatever]. However, my study offers a contribution above and beyond their study because it ...[whatever - be specific]. The results of my study will offer implications regarding...[whatever - be specific], and these implications are not already obvious from other studies on this topic.

**HYPOTHESES.** Describe the relationships that you expect to find when conducting your analysis.

**METHODOLOGY.** Step by step explanation of what you intend to do and clear description of your sample; describe the proxy used for any characteristic that you identify in your hypotheses. Recognize the difference between a time series regression and a cross-sectional regression analysis. You use the time series to assess a relationship between variables over time. The cross-sectional analysis is used to explain VARIATION across firms or across countries or some other type of variable within a given period of time.

**RESULTS.** Provide descriptive statistics about your data, such as the mean and standard deviation of the key variables in your analysis. This helps you check to make sure that the data are in line with what you expect (that there are no unusual outliers that could reflect data errors). You can use a smaller sample than what may be necessary for a publishable paper if that helps you to complete the paper during the semester. But you need to conduct an analysis.

**IMPLICATIONS.** Explain how your results tie back to your hypotheses, and what these results imply about investing or security pricing behavior. These implications should be of interest to an investor or anyone who has a general interest in financial markets.

**Tips on Your Organization:** One of the most common errors in papers is a lack of organization. The key is to follow an orderly process that is consistent, so that readers can easily follow what you are doing. You should ensure that your paper has proper organization before you submit it. Assume that your focus is on how three variables (called A, B, and C) are related to a dependent variable called Y. Your hypothesis section could have sub-sections as follows:

- hypothesis on how variable A affects variable Y
- hypothesis on how variable B affects variable Y
- hypothesis on how variable C affects variable Y

Your methodology should specify the model that tests your hypotheses, and variables A,B and C should be in the same order as in your hypotheses.

Call your variables a name that is logical. Examples are INSID for proportion of insiders on its board of directors, MKTCAP for the market capitalization of the firm, and ROA for the return on assets of the firm. Be consistent with the variable names you use.

Your tables containing the results from applying your model should display the variables A, B, and C in the same order as your hypotheses. If you have control variables in your model, put them at the end. You should still specify the relationship you expect of any variable you include in the model. Your writeup of results should be in the exact order of your hypotheses and the order of the model. Your abstract and summary follow the same order as the order of your hypotheses.

### **Paper Schedule**

**Week 1-4-** identify topic area and research question

**Week 5** –turn in one or two page write-up explaining research question

**Week 7-8-** turn in write up of motivation and hypotheses

**Week 10-11-** status update

**Week 13-14-** presentations

**Deadline for the Completed Paper:** You will need to submit your final completed paper to me by May 4th.

**Grading of the Paper:** Your paper is graded based on all the components described above. It is also based on its readability, proper use of grammar, and organization. The paper should have been checked for grammar errors, spelling errors, and other types of errors.

### **Additional Course Policies**

Missing Exams

Students who must miss an exam will only be able to make up the test if they have a credible and verifiable extraordinary excuse. Students who know of a conflict must notify me before the test in order to be excused.

#### Late Assignments

A late assignment will only be accepted and graded if the student has a credible and verifiable extraordinary excuse.

#### Attendance Policy

I expect you to attend every class, to arrive on time at every class, and to participate in every class that we have

#### Etiquette and/or Netiquette Policy

When students complete their graduate program and pursue a position at a university (or at other institutions), they are commonly expected to work with others. They may be involved in committee assignments with others, or work on the same research project together, or be asked to offer suggestions regarding research by other faculty members. The specific expectations regarding collegiality may vary across universities.

It is my opinion that faculty members contribute more to a university when they are willing to offer their feedback on research of their colleagues, and that faculty members can improve their own research if they are willing to consider feedback offered by others. Your marketability is partially dependent on your degree of collegiality, because universities (and other prospective employers) prefer to hire professors who are willing to work with others. Thus, you are expected to listen to the ideas of other PhD students and offer feedback. This does not mean that you do their work for them, but that you offer your input (if you have opinions) on their ideas.

#### Anti-plagiarism Software

Written components of any assignment or project may be submitted to anti-plagiarism software to evaluate the originality of the work. Any students found to be submitting work that is not their own will be deemed in violation of the University's honor code discussed above.

### **Selected University and College Policies**

#### Code of Academic Integrity Policy Statement

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty.

For more information, please see FAU Regulation 4.001 at: [FAU Regulation 4.001](#).

### Disability Policy Statement

In compliance with the Americans with Disabilities Act Amendments Act (ADAAA), students who require reasonable accommodations due to a disability to properly execute coursework must register with Student Accessibility Services (SAS) and follow all SAS procedures. SAS has offices across three of FAU's campuses – Boca Raton, Davie and Jupiter – however disability services are available for students on all campuses. For more information, please visit the SAS website at <http://fau.edu/sas/>

### Counseling and Psychological Services (CAPS) Center

Life as a university student can be challenging physically, mentally and emotionally. Students who find stress negatively affecting their ability to achieve academic or personal goals may wish to consider utilizing FAU's Counseling and Psychological Services (CAPS) Center. CAPS provides FAU students a range of services – individual counseling, support meetings, and psychiatric services, to name a few – offered to help improve and maintain emotional well-being. For more information, go to <http://www.fau.edu/counseling/>

### Religious Accommodation Policy Statement

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices, observances, and beliefs with regard to admissions, registration, class attendance and the scheduling of examinations and work assignments.

For further information, please see FAU Regulation 2.007 at: [FAU Regulation 2.007](#).

### University Approved Absence Policy Statement

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student's responsibility to notify the course instructor at least one week prior to missing any course assignment.

### Incomplete Grade Policy Statement

A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete ("I"). The assignment of the "I" grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete ("I") grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing ("F") grade.



### Withdrawals

Any student who decides to drop is responsible for completing the proper process required to withdraw from the course.

### Grade Appeal Process

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

- There was a computational or recording error in the grading.
- Non-academic criteria were applied in the grading process.
- There was a gross violation of the instructor's own grading system.

The procedures for a grade appeal may be found in FAU Regulation 4.002.

### Disruptive Behavior Policy Statement

Disruptive behavior is defined in the FAU Student Code of Conduct as “... *activities which interfere with the educational mission within classroom.*” Students who behave in the classroom such that the educational experiences of other students and/or the instructor's course objectives are disrupted are subject to disciplinary action. Such behavior impedes students' ability to learn or an instructor's ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor's expectations for classroom conduct.

### Faculty Rights and Responsibilities

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise. To ensure these rights, faculty members have the prerogative:

- To establish and implement academic standards
- To establish and enforce reasonable behavior standards in each class
- To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.

### Course Outline

The course schedule is provided below. The assigned articles to be covered for each class date are provided below, but some minor deviations might occur during the semester.

### **Week 1- January 13 - Foreign Direct Investment, Multinational Corporations**

I will briefly cover the syllabus content on the first day of class.

*1. (group discussion; no presenter/discussant) Agmon, Tamir, and D. Lessard, Investor Recognition of Corporation International Diversification, Journal of Finance, 1977. [This is an old and very basic article, but commonly cited – it was one of the first to address the issue of FDI effect on risk.]*

2. D. J. Denis, D. K. Denis, and K. Yost, Global Diversification, Industrial Diversification, and Firm Value, Journal of Finance, Volume 57, Issue 5, October 2002, 1951-1979.

- see Jang, Yeejin. "International corporate diversification and financial flexibility." *The Review of Financial Studies* 30.12 (2017): 4133-4178 for an improved sample construction approach

3. Baker, Malcolm, C. Fritz Foley, and Jeffrey Wurgler, 2009, Multinationals as Arbitrageurs: The Effect of Stock market Valuations on Foreign Direct Investment, Review of Financial Studies 22, 337-369

4. M.A. Desai, C.F. Foley, and J.R. Hines, Capital Controls, Liberalizations, and Foreign Direct Investment, Review of Financial Studies, 2006.

5. Lin, Mihov, Sanz, and Stoyanova, 2019, Property rights institutions, foreign investment, and the valuation of multinational firms, Journal of Financial Economics 134,1 (October)

Interesting Data: Kalinova, Blanka, Angel Palerm, and Stephen Thomsen. "OECD's FDI restrictiveness index." (2010).

### **Week 2- January 27- International Acquisitions**

1. (group discussion) John Doukas; Nickolaos G. Travlos, The Effect of Corporate Multinationalism on Shareholders' Wealth: Evidence from International Acquisitions, Journal of Finance, Vol. 43, No. 5 (Dec., 1988), 1161-1175.

2. Isil Erel, Rose C. Liao, and Michael S. Weisbach, 2012, Determinants of Cross-Border Mergers and Acquisitions, Journal of Finance, 67, 3 (June), 1045-1082.

3. Ahern, Daminelli, and Fracassi, 2015, Lost in translation? The effect of cultural values on mergers around the world, Journal of Financial Economics 115, 1 (July) 165-189

4. Albuquerque, Rui, et al, 2018, International corporate governance spillovers: Evidence from cross-border mergers and acquisitions. The Review of Financial Studies 32.2: 738-770.

5. Huang, P., Officer, M.S. and Powell, R., 2016. Method of payment and risk mitigation in cross-border mergers and acquisitions. Journal of Corporate Finance, 40, pp.216-234.

### **Week 3- February 3- Exposure to Exchange Rate Risk**

1. (group discussion) G. Bodnar, and M.H.F. Wong, 2003, Estimating Exchange Rate Exposures: Issues in Model Structure, Financial Management, Spring p. 35-67.

2. M. D. Pritamani, Dilip K. Shome and Vijay Singal, Foreign Exchange Exposure of Exporting and Importing Firms, 2004, Journal of Banking & Finance, July, p1697-1710.

3. Bartram, S.M., G.W. Brown, and B.A. Minton, 2010, Resolving the exposure puzzle: The many facets of exchange rate exposure, Journal of Financial Economics 95, 2, 148-173.

4. Hoberg and Moon, 2017, Offshore activities and financial vs operational hedging, Journal of Financial Economics 125, 2 (August) 217-244

5. Bartram, S.M., 2017. Corporate hedging and speculation with derivatives. Journal of Corporate Finance.

#### **Week 4- February 10- International Corporate Governance**

1. (group discussion) Martynova, Marina, and Luc Renneboog, 2011, Evidence on the international evolution and convergence of corporate governance regulations. Journal of Corporate Finance 17.5: 1531-1557.

2. (group discussion) Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, 2008, The law and economics of self-dealing, Journal of Financial Economics 88, 3, 430-465

3. McLean, R. David, Tianyu Zhang, and Mengxin Zhao. "Why does the law matter? Investor protection and its effects on investment, finance, and growth." *The Journal of Finance* 67.1 (2012): 313-350.

4. Fauver, Hung, Li, and Taboada, 2017, Board reforms and firm value: Worldwide evidence, Journal of Financial Economics 125, 1 (July), 120-142

5. Filatotchev, Igor, Annette Poulsen, and R. Greg Bell. "Corporate governance of a multinational enterprise: Firm, industry and institutional perspectives." *Journal of Corporate Finance* 57 (2019): 1-8.

6. Pevzner, Xie, and Xin (2015), When firms talk, do investors listen? The role of trust in stock market reactions to corporate earnings announcements, Journal of Financial Economics 117, 1 (July)

Extra Governance Background: Diane K. Denis, John J. McConnell, 2003, International Corporate Governance, Journal of Financial and Quantitative Analysis, Mar Vol. 38, 1-36.

See for Data Sources: Knack, S. and Xu, L.C., 2017. Unbundling institutions for external finance: Worldwide firm-level evidence. Journal of Corporate Finance, 44, pp.215-232.

#### **Week 5- February 17- International Stock Offerings / Cross-Listing on International Stock Markets- Part I**

1. Susan Chaplinsky; Latha Ramchand, 2000, The Impact of Global Equity Offerings, Journal of Finance. Vol. 55, No. 6, December, pp. 2767-2789.
2. Stephen R. Foerster, G. Andrew Karolyi, 1999, The Effects of Market Segmentation and Investor Recognition on Asset Prices: Evidence from Foreign Stocks Listing in the United States, Journal of Finance, June, p.981-1013.
3. Banerjee, Suman, Lili Dai, and Keshab Shrestha, 2011, Cross-country IPOs: what explains differences in underpricing? Journal of Corporate Finance 17.5 (2011): 1289-1305.
4. Holderness, Clifford G., 2018, Equity issuances and agency costs: The telling story of shareholder approval around the world, Journal of Financial Economics 129, 3 (September)

### **Week 6- February 24– Cross-Listing on International Stock Markets- Part II**

1. Fernandes and Ferreira, 2008, Does international cross-listing improve the information environment? Journal of Financial Economics 88, 216-244
2. Gozzi, Juan Carlos, Ross Levine, and Sergio L. Schmukler, 2008, Internationalization and the evolution of corporate valuation, Journal of Financial Economics 88, 607-632
3. Frésard, Laurent, and Carolina Salva. 2010, The value of excess cash and corporate governance: Evidence from US cross-listings. Journal of financial economics 98.2: 359-384.
4. Licht, Poliquin, Siegel, and Li, 2018, What makes the bonding stick? A natural experiment testing the legal bonding hypothesis, JFE 129, 2 (August)

**Week 7- March 2- MIDTERM EXAM** – There will be an exam at the beginning of class on the material covered in the first six weeks of this course.

The following papers (tentatively on the topics of privatization, ownership, and political risk) will be discussed as a group after the exam:

1. Chen, R., El Ghoul, S., Guedhami, O. and Wang, H., 2017. Do state and foreign ownership affect investment efficiency? Evidence from privatizations. Journal of Corporate Finance, 42, pp.408-421.
2. Ben-Nast and Cosset, 2014, State ownership, political institutions, and stock price informativeness: Evidence from privatization, Journal of Corporate Finance 29, 179-199
3. Julio, Brandon, and Youngsuk Yook. "Policy uncertainty, irreversibility, and cross-border flows of capital." Journal of International Economics 103 (2016): 13-26.

### **Week 8 – March 16- Capital Structure**

1. M. Desai, C.F. Foley, and J.R. Hines, A Multinational Perspective on Capital Structure Choice and Internal Capital Markets, Journal of Finance, December 2004, Vol. 59, 2451-2487.
2. M. Desai, C.F. Foley, and J.R. Hines, Capital Structure with Risky Foreign Investment, Journal of Financial Economics, 2008, 534-553.
3. Faulkender and Smith, 2016, Taxes and leverage at multinational corporations, Journal of Financial Economics 122, 1 (October), 1-20
4. Beck, T., Demirgüç-Kunt, A. and Maksimovic, V., 2008. Financing patterns around the world: Are small firms different? Journal of Financial Economics, 89(3), pp.467-487.

Background papers:

Fan, J.P., Titman, S. and Twite, G., 2012. An international comparison of capital structure and debt maturity choices. *Journal of Financial and Quantitative Analysis*, 47(1), pp.23-56.

Özde Öztekin, 2015, Capital Structure Decisions around the World: Which Factors Are Reliably Important? *Journal of Financial and Quantitative Analysis*, 50, 3, 301-323

### **Week 9- March 23- Payout Policy**

1. DJ. Denis and I. Osobov, Why Do Firms Pay Dividends: International Evidence on the Determinants of Dividend Policy, Journal of Financial Economics, 2008, 62-82.
2. Arena, M.P. and Kutner, G.W., 2015. Territorial tax system reform and corporate financial policies. The Review of Financial Studies, 28(8), pp.2250-2280.
3. Javakhadze, Ferris, and Sen, 2014, An international analysis of dividend smoothing, Journal of Corporate Finance 29, 200-220
4. He, Wen, et al., 2017, Dividend policy and earnings management across countries. Journal of Corporate Finance 42: 267-286.

### **Week 10 – March 30- Cash Holdings**

1. Dittmar, Amy. Mahrt-Smith, Jan. Servaes, Henri, 2003, International Corporate Governance and Corporate Cash Holdings. Journal of Financial and Quantitative Analysis, vol. 38, pg. 111-133.
2. Nuno Fernandes, Halit Gonenc, 2016, Multinationals and cash holdings, Journal of Corporate Finance

3. Hanlon, Lester, and Verdi, 2015, The effect of repatriation tax costs on US multinational investment, Journal of Financial Economics 116, 1, (April)

4. Dudley, Evan, and Ning Zhang, 2016, Trust and corporate cash holdings, Journal of Corporate Finance 41 (2016): 363-387.

### **Week 11 – April 6- International Financial Markets**

1. Bekaert, Harvey, Lundblad, Siegel, 2011, What segments equity markets? Review of Financial Studies 24, 12, 3841-3890

2. Bae, Ozoguz, Tan, and Wirjanto, 2012, Do foreigners facilitate information transmission in emerging markets? Journal of Financial Economics 105, 1 (July)

3. Magnus Dahlquist, Lee Pinkowitz, René M. Stulz and Rohan Williamson, 2003, Corporate Governance and the Home Bias. Journal of Financial and Quantitative Analysis, 38, pp 87-110.

4. Larkin, Yelena, Lilian Ng, and Jie Zhu, 2018, The fading of investment-cash flow sensitivity and global development. Journal of Corporate Finance 50: 294-322.

Hanselaar, Stulz, and van Dijk, 2019, Do firms issue more equity when market become more liquid? JFE 133, 1 (July)

### **Week 12- April 13- Investments-Part I**

1. Lee, Ng, and Swaminathan, 2009, Testing International Asset Pricing Models Using Implied Costs of Capital, Journal of Financial and Quantitative Analysis 44, 2, 307-335

2. Hou, Karolyi, Kho, 2011, What factors drive global stock returns? Review of Financial Studies 24, 8, 2527-2574

3. Asness, C. S., Moskowitz, T J. and Pedersen, L. H., 2013, Value and Momentum Everywhere. The Journal of Finance, 68: 929–985

4. Jacobs, 2016, Market maturity and mispricing, Journal of Financial Economics 122, 2 (November), 122-287

### **Week 13- April 20- Investments-Part II (selection of papers TBD)**

Baker, Wurgler, and Yuan, 2012, Global, local, and contagious investor sentiment, JFE 104, 272-

Avramov, Chordia, Jostova, and Philipov, 2012, The World Price of Credit Risk, Review of Asset Pricing Studies 2, 2, 112-152

Karolyi, Lee, and van Dijk, 2012, Understanding commonality in liquidity around the world, JFE 105, 1, (July)

Deng, B., Li, Z. and Li, Y., 2018. Foreign institutional ownership and liquidity commonality around the world. Journal of Corporate Finance, 51, pp.20-49.

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**Week 14-April 27- Student presentations and discussions**

**Week 15- May 4- Paper is due- FINAL EXAM - I will provide more details in class before the final.**