Ludwig Maximilian University Munich
Department of Economics and Faculty of Law

Law and Economics of Financial Contracting

January 25 – 26, 2014
(winter term 2013/14)

Dr. Lars Hornuf
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Seminar Description:

Is there a common economic and / or contractual structure across different financial transactions? To analyze this question, seminar participants will explore how economists model the agency problems which are underlying various financial transactions. Law students will investigate the contractual or legal solutions that have evolved in legal practice. The seminar begins with the classical owner vs. manager conflict in joint stock companies. Thereafter, we will examine the incentive structure of (majority) shareholders vis-à-vis minority shareholders, bondholders, employees as well as corporate outsiders. In the second part of the seminar, we will focus on specific transactions such as credit risk transfers, M&A deals and the funding of risky ventures. For each topic an economist will be matched with a law student to present a state-of-the-art agency model and the according contractual or legal response. Finally, we will jointly evaluate how successful these legal solutions perform in practice.

Prerequisite:

Enrolment as a B.Sc. student at the Department of Economics or LL.M. student at the Faculty of Law / LMU Munich.
Evaluation:

B.Sc. students (Department of Economics)
Presentation (100%)
3 ECTS (2 SWS)

LL.M. students (Faculty of Law)
Seminar Paper (67%)
Presentation (33%)
9 ECTS (3 SWS)

Please apply by November 1, 2013 via email (lars.hornuf@jura.uni-muenchen.de) indicating the two seminar topics you are most interested in. Seminar topics will be assigned on a first-come, first-serve basis. Participants are going to meet on November 15, 2013 from 10 am to 12 am to discuss seminar logistics.

Literature:


Seminar outline:

Saturday, January 25

9.00 \textit{Introduction}

9.15 – 10.45 \textit{Managers vs. Owners}


11.00 – 12.30 \textit{Majority vs. Minority Shareholders}


14.00 – 15.30 Shareholders vs. Bondholders


15.45 – 17.15 Shareholders vs. Employees


17.30 – 19.00 Trading on Capital Markets


Sunday, January 26

9.15 – 10.45  Credit Risk Transfer by Banks and Individuals


11.00 – 12.30 Mergers and Acquisitions

14.00 – 15.30 Mutual Funds, Pension Funds and Hedge Funds


15.45 – 17.15 Venture Capital Contracting

17.30 – 19.00 *Crowdfunding and Crowdinvesting*