SYLLABUS

This course addresses modern wholesale banking. i.e., the activities of large universal and investment banks which today offer many of the same products and services in markets all around the world. It does not focus on retail or consumer banking except peripherally. As this industry is subject to constant change and upheaval, a fair amount of time is spent discussing current events, trends and developments as they happen.

The course is case-oriented and strives to develop a high level of class discussion and interactivity. All students are expected to participate.

The preliminary course outline is attached; it is subject to change on short notice to adapt to current events. The outline for the second half of the course, for example, is only indicative at this time.

There are no prerequisites for the course but students with no prior training in economics or finance may find some of the material difficult going.

Course Rules and other Quirky Requirements

1. Blackboard will be the main method of communications with students. All cases and readings not included in the textbook will be posted on Blackboard (under “Assignments”) in advance. The official course outline is the one posted (and occasionally changed) on Blackboard.

2. Students are expected to conform to all of the Stern Default Rules on attendance and punctuality, and to the Stern Honor Code.

3. Laptops will not be allowed to be open during class. Neither will text messaging or other use of cell phones be permitted.
4. Students are required to bring their name-signs to class and display them where they sit.

Required Textbook:

*Global Banking*, by Roy C. Smith and Ingo Walter, Oxford Univ. Press., available at the bookstore. Other materials are made available on Blackboard at no charge.

Students are invited to become familiar with two electronic books on the financial crisis written by the members of the NYU Stern Finance Faculty, and their attendant blogs and op-eds, which are accessible for free via the NYU Stern website. The two books are *Restoring Financial Stability* (2009) and *Regulating Wall Street* (2010).

Grading:

There are two exams, a midterm and a final. They are weighted equally to determine a final grade. The answers to the exam questions will be posted for a few days following the exam and students are invited to compare their answers to the answer key, and if they feel their exams were incorrectly scored they may submit them to Prof. Smith for a once-only rereading and grade adjustment (up or down) as he may think appropriate.

The instructor may add (or subtract) up to 10 points to the average grade on the exams for noteworthy (or lack of) contribution to class discussion.

Office Hours, etc.

Prof. Smith will be at Stern Mondays through Thursdays during the term and will be happy to meet with any student during that time. Please drop by or email for an appointment.
COURSE OUTLINE

1  Sept 7  The Global Financial System and the Crisis of 2007–2008

ASSIGNMENT: RCS “Armageddon” and “The Mortgage Crisis” (from Paper Fortunes, St. Martin’s Press, Jan. 2010)

Read from Restoring Financial Stability on NYU Stern website (Go to “What’s Happening at Stern” then to Regulating Wall Street, and look for links to Restoring Financial Stability)

Sept 9  NO CLASSES

2  Sept 14  Global Banking Today.

ASSIGNMENT: The Dodd-Frank Act and Regulating Wall Street, text and Stern faculty op-eds

3  Sept 16  Capital Markets Overview

ASSIGNMENT: GB Chapter 2 and RCS “The Banks,”

4  Sept 21  Global Bond and Swap Markets

ASSIGNMENT: GB, Chapters 3 & 4
CASE: FNMA A$ 1 billion Bonds

5  Sept 23  Global Bank Lending

ASSIGNMENT: GB, Chapters 5 and 6.
CASE: Dresser-Rand LBO Financing

6  Sept 28  Global Project Finance
CASE: Autostrade’s Debt Financed Takeover

7  Sept 30  Global Equity Markets: Market Structure, Institutions and Practices
ASSIGNMENT:  GB, Chapter 7

8.  Oct. 5  Global Equity Markets
CASE:  Deutsche Telekom 1 and 2

ASSIGNMENT:  GB, Chapter 8

10  Oct 12  Global M&A Transactions
CASE:  The Acquisition of Martell

11  Oct 14  Global M&A Transactions
CASE:  The Steel War: Mittal v Arcelor

12  Oct 19  Global M&A -- Privatization
ASSIGNMENT:  GB Chapter 9
CASE:  The Sale of Jenapharm

13.  Oct 21  Mid-Term Examination

14  Oct 26  Private Banking
ASSIGNMENT:  GB Chapter 11
CASE:  UBS Private Banking

15  Oct 28  Institutional Asset Management
ASSIGNMENT: “Institutional Investors” from Governing the Modern Corporation, by RC Smith and Ingo Walter

16.  Nov 2  Hedge Funds and Private Equity
ASSIGNMENT:  RCS “Hedge Funds and Private Equity”

17  Nov 4  Banking in Europe
CASE: Allianz AG

ASSIGNMENT:
CASE: Shinsei Bank (HBS)

ASSIGNMENT:
CASE: Republic of Argentina Debt Exchange 2005

ASSIGNMENT:
GB, Chapter 12

(b) Blackboard: External Links: China Output Tops Japan

(a) ASSIGNMENT: Introduction and Chapter 1, “Rags to Riches,” James Kynge, China Shakes the World, 2006
(b) Blackboard: External Link: China’s Equity Premium

ASSIGNMENT: GB, Chapter 13;
The Future of Global Banking

ASSIGNMENT: RCS “An Uncertain Future”

Final Exam