

LSE CORPORATE FINANCE LAW

Corporate finance law is a key part of any growing business needing to finance its operations and ensure that its structure complies with the legal and regulatory constraints of the region it operates in.

This course is designed to provide a solid foundation in corporate finance law covering three components. The first component is an introduction to corporate finance theory, which covers the nature of equity and debt as well as an introduction to how capital markets work and the theories of capital structure and valuation. The second covers the regulation of legal capital, including the relevant core accounting concepts, the regulation of dividends and share buy-backs. The third addresses the issuance of debt and equity, and related aspects of securities regulation such as insider trading and disclosure regulation, as well as mergers and acquisitions.

This highly interactive course allows you to apply the theory to real-world cases from UK and EU law and regulation. You will also draw on the approaches to regulation in other jurisdictions, such as the United States and Germany. By the end of the course you will have a well-rounded understanding of the key function of corporate finance law and its role within an organisation. You will also be familiar with how corporate finance is regulated in the UK and the EU, understanding the interactions between corporate law, finance and the regulation of capital markets.

Session: Three

Assessment*: One examination and one essay

Prerequisites

Introduction to legal methods or equivalent, and familiarity with company law would be an advantage. Students with no previous exposure to company law may find it useful to first take LL135 Introduction to Corporate Law and Governance.

Key topics

Introduction: efficient capital markets hypothesis, balance sheet basics
Capital structure, the relationship between risk and return and modern portfolio theory
Limited liability, its effects and legal remedies
Legal capital and dividends
Liability, disguised distributions and capital reductions
Share buy-backs and financial assistance
Issuing equity and debt
Market abuse regulation
Takeovers, mergers and corporate restructuring
Regulatory competition

Programme structure and assessment

This course is delivered as a combination of lectures, classes, court case studies and readings. Due to the case-based nature of the course, students are expected to prepare the core readings before each lecture in order to engage in discussion with faculty and peers.

The course is assessed through an essay (40%) and a final examination (60%). An assessment will also be handed out during class, along with online quizzes to help students prepare for the final assessments and receive feedback from faculty.

Course outcomes

Understand the principles of corporate finance and its regulation in the UK and EU

Analyse the interaction between corporate law, finance and the regulation of capital markets

Discuss the relationship between risk and return, and modern portfolio theory

Understand how capital markets work and the theories of capital structure and valuation

Reading materials

E Ferran and LC Ho, Principles of Corporate Finance Law (2014)

L. Gullifer and J. Payne, Corporate Finance Law, Principles and Policy (2015)

D. Kershaw, Company Law in Context: Text and Materials (2012)

R. Veil, European Capital Markets Law (2013)

S. Grundmann, European Company Law (2012)