



**FIRN Younger Researcher Programme**

***Topics in the Theory of Corporate Finance***

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**Workshop Objective:**

In this brief workshop we will review two topics in corporate finance: issuing securities and bankruptcy and financial distress. The objective is to review some of the basic papers in the area and to follow this with an example of recent work.

**Format:**

Although I plan on leading the discussion on most of the starred papers listed below, I expect students to actively participate in discussion. Depending on class size, I may ask students to present some of the papers. We will discuss other papers if time permits.

**ISSUING SECURITIES**

**A. Adverse selection**

- \*S. Myers and N. Majluf, "Issuing securities when managers have information that the market does not have", **Journal of Financial Economics**, 1984.
- \*R. Giammarino and Tracy Lewis, "A Theory of Negotiated Equity Finance", **Review of Financial Studies** 1, 1988, pp. 265-288
- D. Lucas and R. MacDonald "Equity Issues and Stock Price Dynamics", **Journal of Finance** 55 (1990) 1019 – 1043

**B. Real options models**

- \*A. Dixit and R. Pindyck, 1994 **Investment under uncertainty**, Princeton University Press, chapters 1 – 4.
- M. Carlson, A. Fisher, and R. Giammarino, "Corporate Investment and Asset Price Dynamics: Implications for the Cross Section of Returns, **Journal of Finance**, December 2004.
- \*M. Carlson, A. Fisher, and R. Giammarino, "Corporate Investment and Asset Price Dynamics: Implications for SEO Event Studies and Long Run Performance, **Journal of Finance** June 2006.



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### FINANCIAL DISTRESS AND REORGANIZATION

- \*R. Haugen and L. Senbet “The Insignificance of Bankruptcy Costs to the Theory of Optimal Capital Structure”, **Journal of Finance** 33 (1978) 383-393
- R. Giammarino, “The Resolution of Financial Distress” **Review of Financial Studies** 2, 25-47.
- O. Hart and J. Moore, “Default and Renegotiation: A Dynamic Model of Debt”, **Quarterly Journal of Economics** 113 (1998)
- D. Bernhardt and E. Nosal “Near-Sighted Justice”, **Journal of Finance** 59 (2004) 2655-2684
- N. Gennaioli and S. Rossi “Judicial Discretion in Corporate Bankruptcy” working paper (2007)

#### Date and Time

Thursday, 23 April 9:00 am to 4:00 pm  
Friday, 24 April 9:00 am to 5:00 pm

#### Location

The University of New South Wales  
Kensington Campus,  
Law Building, Level 1, Room 101

To register please contact Andrea Schnauffer on [firn@uts.edu.au](mailto:firn@uts.edu.au) or call 02 9514 7737.

A limited number of scholarships is available for eligible FIRN PhD students and younger researchers. For information on how to apply, visit <http://www.firn.net.au/resources/forms.html> and download a scholarship application guide and a scholarship application form.