



SEMINAR IN FINANCE: STRUCTURED DEBT INSTRUMENTS

The seminar is aimed at master students who are interested in writing their thesis in the research area of Corporate Finance. It is particularly suited for those students who participated in the course Advanced Corporate Finance. However, this is not a formal prerequisite.

Students have to register by sending an email to **fin-education@wiwi.uni-tuebingen.de** until **April 20 (end of day)**.

The kick-off event takes place on **Monday, April 24 at 4:15 PM** (room E09, Wiwi Seminar Mohlstraße). The attendance of all participants at the kick-off event is compulsory. At the kick-off, the topics will be shortly introduced and assigned to groups of 2 or 3 students (depending on the total number of participants), who will collaborate on the respective topic.

The topics will be assigned based on the following procedure: Students indicate their preferences. We randomly select a student, who will be assigned to her or his first choice. The next student, who is again randomly selected, receives her or his highest preference only in case the respective group is not complete yet. In case the topic is not available any more, the student will be assigned to the second highest preference and so on.

The papers and abstracts have to be delivered to the offices of the Department of Finance by **Tuesday, June 20 at 11 AM**. Each group should submit two stapled printouts (no hardcover or binding required) as well as an electronic copy (including the text in pdf as well as all data and computations¹).

The final presentations will take place well in advance of the exam period. The tentative date is **Wednesday, June 28**.

It is expected that each group member presents a portion of the joint work. Each group has a net presentation time of 30 minutes. Great importance is attached to an interactive discussion between all participants and presenters in order to treat the topics from different perspectives and to respond to questions intensely. Therefore, the total time available per group is about 90 minutes.

¹ Please structure your data as well as your computations/code in a reasonable way such that it is possible for your supervisor to reproduce your results.



(Preliminary) List of topics:

Topic 1: Callable Bonds

Paper: *Savings bonds, retractable bonds and callable bonds*

Author(s): Michael J. Brennan and Eduardo S. Schwartz

Reference: *Journal of Financial Economics*, Nr. 5 (1977), pp. 67-88.

Topic 2: Conventional Debt under Tax Benefits and Bankruptcy Costs

Paper: *Corporate Debt Value, Bond Covenants, and Optimal Capital Structure*

Author(s): Hayne E. Leland

Reference: *The Journal of Finance*, Vol. 49, No. 4, Sep. 1994, pp. 1213-1252.

Topic 3: Liquid Yield Option Note (LYON)

Paper: *LYON Taming*

Author(s): John J. McConnell and Eduardo S. Schwartz

Reference: *The Journal of Finance*, Vol. 41, No. 3, 1985, pp. 561-576.

Topic 4: Step-up Bonds

Paper: *Should corporate debt include a rating trigger?*

Author(s): Karan Bhanot and Antonio S. Mello

Reference: *Journal of Financial Economics*, 79(1), 2006, pp.69–98.

Topic 5: Contingent Convertibles

Paper: *Contingent convertibles. Solving or seeding the next banking crisis?*

Author(s): Christian Koziol and Jochen Lawrenz

Reference: *Journal of Banking and Finance*, Vol. 36 (1), pp. 90-104.