New York University Tandon School of Engineering
Department of Financial Engineering
Course Outline FRE-GY 6111 INVESTMENT BANKING AND BROKERAGE
Fall 2018
Professor Raphaele Chappe
Mondays 6:00pm – 8:41 pm; Rogers Hall, RGSH_602

To contact professor: rc489@nyu.edu or raphaele.chappe@gmail.com
Office hours: Mondays 4:00 – 6:00pm or by appointment

Course Pre-requisites
None

Course Description
This course introduces an overview of Wall Street, the back office and general brokerage operations, investment banking and capital markets. The course covers subjects essential to understanding how products, once created, are distributed and sold. The course relies heavily on The Wall Street Journal, Financial Times and other trade publications. Topics include a brief history of Wall Street, an understanding of the major securities laws and how they have changed over time, basics of equity and debt securities, creation of debt and equity securities, and pricing and sale of debt and equity securities. The course seeks to understand how and where opportunities for creating new securities arise.

Course Objectives
- Become familiar with the different businesses and key products associated with investment banking, and key concepts in the industry: hedge funds, proprietary trading, underwriting, mergers, acquisitions, market-maker, broker-dealer etc.
- Apply valuation methodologies to prepare valuation models for publicly traded company
- Understand planning issues associated with leveraged buy-outs
- Understand legal and regulatory issues relevant to the industry

Course Structure
Detailed powerpoints are available for every lecture, in addition to the course readings.

Readings
Specific reading assignments from the text below are intended to complement the material in lectures and discussions. Additional reading material, generally articles, are all provided on the course website.

The required texts for the course are:


Books and readings can be found at the NYU bookstore and online in the course website.

**Course requirements**

- Students are expected to attend class on time
- Complete all readings and assignments by their due date

**Valuation homeworks and Valuation project | | 50% of final grade**

**Final exam | | 50% of final grade**

  - The final will consist in a combination of true / false, multiple choice and short essay questions. A detailed study guide will be distributed beforehand.

**Nov 5. Introduction, key products, commercial banking and investment banking**

Stowell (2010). [Ch. 1-3, 5-6]

**Additional readings:**


HuffPost (2011) “Volcker Rule To Restrict Banks' Proprietary Trading Contains Loopholes”

**Nov 12. Valuation: Discounted Cash Flow Analysis**

Rosenbaum & Pearl (2013) [Ch. 3]

Valuation models (spreadsheets):

- Dividend Discount – example
- Goldman Sachs Dividend Discount Model
- Twitter enterprise valuation
- Cost of capital by sector

Homework #1

**Nov 19. Valuation: Comparable Companies Analysis**

Rosenbaum & Pearl (2013) [Ch. 1].

Valuation models (spreadsheets):

- Goldman Sachs PE valuation
- PE ratios by sector

Homework #2

**Nov 26. M&A transactions and Leveraged Buy-Outs**

Rosenbaum & Pearl (2013) [Ch. 4-6]

Stowell (2010). [Ch. 4, Ch. 16-20]

**Dec 3. Hedge Fund & Proprietary Trading**

Stowell (2010). [Ch. 11-15]
Additional readings:

Semmler & Chappe (2013). “Seeking Alpha”: The Performance of Funds of Hedge Funds


Dec 10. Underwriting Business (Equity & Fixed Income)

Stowell (2010). [Ch. 7-10]

Dec 17. Final Exam

Moses Center Statement of Disability
If you are student with a disability who is requesting accommodations, please contact New York University’s Moses Center for Students with Disabilities at 212-998-4980 or mosescsd@nyu.edu. You must be registered with CSD to receive accommodations. Information about the Moses Center can be found at www.nyu.edu/csd. The Moses Center is located at 726 Broadway on the 2nd floor.

Academic integrity
Academic integrity is highly valued and academic dishonesty of any kind, cheating, forgery, plagiarism and collusion, is unacceptable and will not be tolerated. During exams, a student should neither give assistance to nor receive assistance from anyone and should not use any unauthorized notes or other aids. Any suspected cheating will be reported to the school, possibly resulting in course failure or school dismissal.