



Master's programme Corporate Law, Law, Markets & Behavior

The specialisation Law, Markets and Behavior will be taught in English.

Students can find more information on the Academic and Examination Regulations, the compositions and aim of the degree programme on VUnet by searching on 'schedule' and 'Academic and Examination'.

For applying students please visit: [www.vu.nl](http://www.vu.nl) & Study at VU University & Master's degree programme for more information on the programme.

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## Anatomy of Corporate Law

<b>Course code</b>	R_AoCL ()
<b>Period</b>	Period 1
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture
<b>Level</b>	500

### Course objective

This course aims to highlight the economic logic of corporate law. Business corporations, in any jurisdiction, share five basic legal characteristics: legal personality, limited liability, transferable shares, delegated management under a board structure and investor ownership. Corporate law everywhere must provide for them. In this course, we explore the role of corporate law in minimizing agency problems – and thus, making the corporate form practicable – in the most important categories of corporate actions. We address seven categories of transactions and decisions that involve the corporation, its owners, its managers and the other parties with whom it deals. We will thus cover all of the important problems in corporate law.

### Course content

More particularly, we will be discussing: (i) The interests of shareholders as a class, (ii) Minority Shareholders and Non-Shareholders constituencies, (iii) Transactions with creditors, (iv) Related-Party transactions, (v) Fundamental changes, (vi) Control Transactions and (vii) Issuers and Investor Protection.

### Form of tuition

Lectures

### Type of assessment

Written exam

### Course reading

Reinier Kraakman and others, The Anatomy of Corporate Law, Oxford, 2009

## Contract Law, Dispute Resolution and Psychology

<b>Course code</b>	R_CLDRP ()
<b>Period</b>	Period 1
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching staff</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture

<b>Level</b>	500
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### Course objective

This course addresses the principles of contract law and the psychological dimensions of contract negotiations. It is a course in which the legal perspective and the behavioral perspective are intertwined.

The course does not deal with the specifics of national laws of contract; instead it focuses on the universal themes of contract law. This more abstract approach provides a broader understanding and prepares the student for a future in which he has to exchange thoughts with colleagues from other jurisdictions.

### Course content

The topics analyzed in the contractual part of the course include but are not limited to: a) the notion of contract; b) Formation of contract; c) validity of contracts; d) interpretation and contents; e) supervening events in the life of contract; f) Remedies for non-performance; g) Third party consequences.

The part on contract negotiations will provide you with an experiential, simulation based introduction to the theory and practice of negotiation and help you understand how your personal background, values, feelings and personal style affect your performance as a negotiator.

The topics to be discussed in the behavioral classes on negotiations will be: a) value distribution in single-issue, two-party negotiations; b) value creation in multi-issue, two-party negotiations; c) psychological factors in dispute resolution; introduction to counseling: the lawyer-client Relationships.

### Form of tuition

Lectures

### Course reading

- Mnookin, R.H., Peppet, S.R., & Tulumello, A.S. (2004). Beyond Winning: Negotiating to Create Value in Deals and Disputes, Harvard Press.
- Robert A. Hillman, Principles of Contract Law, Thomson Reuters, 2009.
- Selected journal and practitioner articles will also be assigned for individual sessions.

## Financial Law: Market Regulation & Behavior

<b>Course code</b>	R_FMMRB ()
<b>Period</b>	Period 4
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture, Study Group
<b>Level</b>	500

### Course objective

The course aims to provide students with a thorough understanding of the interlocking fields of private law and financial regulation from a European perspective. Having followed the course, students can navigate the complex area of financial regulation. They are able to analyse and evaluate the application of contractual and other private-law techniques to problems arising in finance, taking account of the interaction between private and regulatory law.

### Course content

The course is organised around the following four clusters of financial phenomena:

- Funding: acquiring finance, indirectly through intermediation by commercial banks or directly by issuing securities on primary markets (eg 'going public' through an IPO, an initial public offering of shares);
- Investment: the provision of funding by institutional and other investors (eg pension funds investing in alternative assets, such as private equity funds, which themselves invest directly in companies);
- Infrastructures and Services: the institutions and activities supporting financial transactions and positions (eg stock exchanges, derivatives exchanges, and central clearing of transactions effected on such exchanges);
- Risk Transfer: risk and risk management, in particular through derivatives, financial collateral and synthetic finance (eg the use of credit default swaps to 'insure' against default).

Financial Law takes an integrated approach to financial phenomena, combining the study of relevant EU regulatory regimes with the analysis of private-law techniques. The latter have often evolved into market practice ('de facto harmonisation', or even a *lex mercatoria*), as exemplified by the extensive use of standard documentation by financial market participants. Where useful, attention will be paid to the ongoing European harmonisation of private law.

### Form of tuition

Lectures

### Type of assessment

Written exam

### Course reading

Detailed information about reading materials and the topics to be dealt with in class will be available on Blackboard.

## Insolvency Law & Corporate Finance

<b>Course code</b>	R_ILCF ()
<b>Period</b>	Period 3
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen

<b>Teaching staff</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture
<b>Level</b>	500

### Course objective

- After completing the course, students will have developed the following capacities:
- Students understand the working of a balance sheet and its relation to a profit and loss account.
- Students can perform basic company valuation.
- Students will have gained an understanding and working knowledge of basic corporate finance concepts, such as debt vs equity, tax benefits related to debt, leverage ratio's, basic risk allocation and net present value tests.
- Students can apply private law rules from different jurisdictions as to the ranking of creditors (unsecured, secured and preferred) to different corporate finance cases.
- Students understand and can reflect upon the different methods of debt finance.
- Students can evaluate different rules on shareholder finance and the liberty of stake holders to determine the capital structure of a firm themselves. Students can also evaluate current finance practices against the background of basic corporate law principles of limited liability.
- Students can assess the implications of different capital structure on the risk profile of the company and how this creates different incentives for management and shareholders.

### Course content

Lawyers increasingly have to deal with financial information. Without understanding financial information, they can often still do their job, but don't really understand what the larger project they are involved in means for their clients and third parties. So they end up only executing instructions from clients, without properly advising their clients.

This course starts with basic corporate finance. It starts with the working of a balance sheet and the profit and loss account of company and how they interrelate. It also includes company valuation methods, such as Discounted Cash Flow.

The second party of the course provides a working knowledge of the interrelation of basic corporate finance and law; for example how the concepts of equity and debt translate into legal concepts of shareholders and creditors and what the litmus test of Insolvency has to say about these concepts. An understanding will be provided of how corporate finance concepts such as solvency ratio's, liquidity and leverage relate to legal rules on directors' liability. Also a critical analysis will be provided of the assumptions underlying the traditional debtor-creditor relationship, and whether these assumptions still hold in the light of the great variety of creditors, ranging from professional hedge funds to unsecured trade creditors and tort victims. Also more sophisticated ways of finance will be discussed, such as a Leveraged Buy-Outs. These will be discussed in the light of law's struggle to provide a suitable framework for leveraged forms of finance. Furthermore, different forms of shareholder finance will be discussed, among which financing by way of secured loans and guarantees, instead of equity.

**Form of tuition**

Lectures

**Type of assessment**

Written in class exam.

**Course reading**

Detailed information about reading materials and the topics to be dealt with in class will be available on blackboard.

**Law and Behavioral Economics**

<b>Course code</b>	R_LBE ()
<b>Period</b>	Period 2
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching staff</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture, Seminar
<b>Level</b>	500

**Course objective**

After completing the course, students will have developed the following capacities:

- Students will have an understanding of economic decision theory, and are able to define the components of rationality and Bayesian updating.
- Students are able to formulate the main tenets and implications of the economic theory of deterrence.
- Students know how different biases affect decision making under uncertainty and in bargaining and are able to elucidate the main behavioral theories of decision making under risk.
- Students understand the basic concepts of game theory, such as the Nash equilibrium, and are able to use these concepts to analyse social dilemma problems.

**Course content**

Over the last decades, behavioral economics has become one of the main new research areas in economics. By testing predictions of traditional economics and merging them with insights from psychology, behavioural economics yields more accurate models of human decision-making. Insights from this vibrant new field are relevant for policy makers in many fields of inquiry, including the formation and implementation of legal rules.

This course provides an introduction to behavioral economics, and shows the relevance of an appropriate model of human decision making for the analysis of legal rules. To provide an appropriate benchmark, the course first introduces the basic building blocks of economic decision theory. We discuss the tenets of rationality underlying the theory of utility maximization under uncertainty and rational information processing. We discuss applications to the economics of crime and bargaining.



We then discuss deviations from rationality, including such phenomena as the endowment effect and loss aversion, and discuss improved models of decision making such as prospect theory. We analyse the importance of such models for the design of regulation, with specific attention to the effectiveness of deterrence and the possibilities of 'benevolent paternalism' or 'nudging'.

The last part of the course deals with strategic interactions between individuals, and provides an introduction to game theory and the analysis of social dilemmas. We use simple games to investigate the origins of social order and the interactions between formal law enforcement mechanisms and informal social norms. We explore how such norms can strengthen or weaken legal enforcement depending on the social context.

#### **Form of tuition**

Lectures

#### **Type of assessment**

On the basis of a written exam and in-class exercises.

#### **Course reading**

Detailed information about reading materials and the topics to be dealt with in class will be available on blackboard.

## **Law, Behavior and the Functioning of Markets**

<b>Course code</b>	R_LBFM ()
<b>Period</b>	Period 2
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	prof. dr. G.T. Davies
<b>Examinator</b>	prof. dr. G.T. Davies
<b>Teaching staff</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture
<b>Level</b>	500

#### **Course objective**

The aim of this course is to examine the relevance of human behavior to the regulation of markets. Our underlying norms, susceptibility to herd behavior, desire to be accepted, and instinctive reactions to risk and to change - to name a few examples - may lead to individuals behaving in ways that undermine regulatory approaches premised on the simple, calculating, "rational" actor. Starting from classic literature on the psychological aspects of market regulation students will learn how to understand, criticize and improve traditional approaches to regulation in the light of behavioral insights. They will also learn about new approaches being taken in the light of those insights. The course will thus involve mastering theoretical insights from different disciplines, understanding their relationship to different kinds of market regulation, and presenting this in written and oral form.

#### **Course content**

Some of the topics we will consider are:

- How do we understand markets: as a phenomenon apart from social and ethical constraints, or as embedded in social relationships and norms?
- How do we understand market actors, their motivations, and their responses to each other and to incentives? How is the idea of a 'rational actor' used?
- What kinds of "market failures" have traditional economic theories used to justify regulation?  
Are these the only failures that could be or should be used to justify regulation?
- What regulatory theories and approaches have been used to address the problems of the global financial crisis to date? What role do these give to behavioral insights?
- How could more comprehensive thinking about social norms, about human psychology, about how to produce cultural change within organizations, and about the social embedded nature of markets improve regulation and outcomes in global markets?

Different kinds of markets will be considered - financial, goods, and services - and different kinds of regulatory mechanisms - deregulation, self-regulation, regulation by public/private partnerships, domestic regulation by state actors, and cross-border cooperation within transnational regulatory networks.

**Form of tuition**

Lectures

**Type of assessment**

Written assignments (80%) and presentation (20%)

**Course reading**

Reading material will announced and where appropriate made available via blackboard.

## Lawyers' Ethics: Professional Ethics vs Ethics of the Market Place

<b>Course code</b>	R_LEEMP ()
<b>Period</b>	Period 5
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture, Study Group
<b>Level</b>	500

**Form of tuition**

Lectures

**Type of assessment**

Paper, presentation and participation.

### Course reading

T.b.a. The reading material will be distributed by the course coordinator.

## Master's Thesis - Corporate Law

<b>Course code</b>	R_ScripOnd ()
<b>Period</b>	Ac. Year (September)
<b>Credits</b>	12.0
<b>Language of tuition</b>	Dutch
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Level</b>	600

## Tort Law, Competition Law & Law and Economics

<b>Course code</b>	R_TLCLLE ()
<b>Period</b>	Period 4
<b>Credits</b>	6.0
<b>Language of tuition</b>	English
<b>Faculty</b>	Faculteit der Rechtsgeleerdheid
<b>Coordinator</b>	mr. J.L. Smeehuijzen
<b>Examinator</b>	mr. J.L. Smeehuijzen
<b>Teaching method(s)</b>	Lecture, Study Group
<b>Level</b>	500

### Course objective

After completing the course, students will have developed the following capacities:

- the general aspects of public and private enforcement models;
- the interplay between public and private enforcement models, both in terms of how private enforcement can provide a positive contribution towards enforcement of the law, and how it can have an 'undermining effect';
- the inherent tension between the goals of law enforcement and the fundamental principles of private law; and
- the specific application of these issues to competition law enforcement.

Participants should have developed views on the key issues in this area and should be able to express those views in English, both orally and in writing.

### Course content

In Europe, traditionally "law enforcement" is regarded as a public task. The State's monopoly on prosecution and punishment is part of the fabric of our constitutional state. To ensure that public authorities charged with law enforcement are independent and unbiased, their conduct is subject to judicial review. By contrast, private law does not typically charge citizens with the task of enforcing the law. Within the limits of private law, citizens are entitled to enforce their own rights for their own benefit, not for the benefit of the general public. Furthermore, the

remedies granted to private individuals are typically focused on compensation and/or restitution, not punishment and/or deterrence. However, in some areas of the law there appears to be a renewed interest in the notion of "private enforcement". Rather than ask what needs to be done to provide individual justice to the civil claimant, some prefer to focus on what needs to be done to deter wrongful and/or illegal conduct, even in the context of private law disputes. In this view, private law remedies can contribute generally to the 'enforcement' of legal standards. This raises important and interesting questions regarding the coexistence of – and potential overlap between – public and private enforcement models.

This course will address these questions by examining existing public and private enforcement models in their historical, political, economic and legal context. The perspectives applied are those of public enforcers and of private actors. After a general and historical introduction of key aspects and assumptions underlying these enforcement models, we will use competition law enforcement as a "test case" for the synergies and potential frictions between the two models.

**Form of tuition**

Lectures

**Type of assessment**

Paper

**Course reading**

Detailed information about reading materials and the topics to be dealt with in class will be available on Blackboard.