

SYLLABUS
FINANCIAL INSTITUTEIONS (Spring 2019)
Seton Hall University School of Law
Professor Lubben
stephen.lubben@shu.edu

This course provides an overview of the regulation of the banking and financial services industry. It also introduces the financial system.

The course compliments other courses offered at the school, like Corporate Finance and Securities Regulation. Unlike those courses, however, this course has something of an international flavor, as it is hard to find a purely national financial institution of any significant size. In addition, policy considerations loom large in this course.

Course Materials

Barr, Jackson, and Tahyar, *Financial Regulation: Law and Policy* (2d. ed. 2018)

Electronic Devices

You may not use electronic devices (computers, tablets, phablets, mobile phones, [Commodore PETs](#), and the like) in class. For those of you who are distressed by this, you may want to watch [this video](#).

Assignments

Assignments are listed below. The Arabic numbers below correspond to the class numbers.

I. Introduction

1. Finance Today
 - a. BJT Chapter 1.1
 - b. Gillian Tett, [Have we learnt the lessons of the financial crisis?](#) (also on Blackboard)
2. A Historical Account of Regulation
 - a. BJT Chapter 1.2
 - b. <https://www.theguardian.com/business/2015/nov/10/inside-bank-of-england>
3. Frameworks
 - a. BJT Chapter 1.3
4. What Makes Financial Institutions Different from Other Firms?
 - a. BJT Chapter 1.5
 - b. <http://krugman.blogs.nytimes.com/2011/10/10/if-banks-are-outlawed-only-outlaws-will-have-banks/>

II. Depository Banks

5. Charters and Banking
 - a. BJT Chapters 2.1 and 6.2
6. The Business of Banking
 - a. BJT Chapters 2.2 and 2.3
 - b. <https://www.youtube.com/watch?v=jheesQ8ot3g>
7. Deposits
 - a. BJT Chapter 2.4
 - b. <https://www.youtube.com/watch?v=dTivWjvGYtI>
8. Mortgages
 - a. BJT Chapters 5.2 and 12.2
 - b. *Optional background reading:* Chapter 12.1
9. Payments
 - a. BJT Chapters 7.1 and 7.2
10. Capital
 - a. BJT Chapters 2.5 and 2.6
11. Basel III
 - a. BJT Chapter 2.7
12. International Banking
 - a. BJT Chapter 6.4

III. Insurance Companies

13. Regulatory Structure
 - a. BJT Chapters 3.1 and 3.3 (to page 417 only)

IV. Broker-Dealers and Shadow Banks

14. Regulation of Broker-Dealers
 - a. BJT Chapter 4.1
 - b. <http://dealbook.nytimes.com/2011/10/17/mf-global-ordered-to-increase-capital/>
15. Short Term Wholesale Funding
 - a. BJT Chapter 12.4
16. Derivatives Markets
 - a. BJT Chapter 11.2 and 11.3
 - b. *Optional background reading:* Chapter 11.1

V. Asset Management

17. Mutual Funds
 - a. BJT Chapters 10.1 and 10.2
18. Money Market Funds – Bank Accounts in Disguise?
 - a. BJT Chapter 12.3
19. Private Funds
 - a. BJT Chapter 10.5

VI. Financial Conglomerates

20. Holding Companies
 - a. BJT Chapter 6.1

- 21. SIFIs
 - a. BJT Chapter 6.3
- 22. Supervision and Enforcement Across Firms
 - a. BJT Chapter 8.2
 - b. <http://www.bloomberg.com/news/print/2011-10-18/bofa-said-to-split-regulators-over-moving-merrill-derivatives-to-bank-unit.html>

VII. Financial Institution Failure

- 23. The Lender of Last Resort
 - a. BJT Chapter 9.1
- 24. Traditional Tools (Banks)
 - a. BJR Chapter 9.2
 - b. <http://ssrn.com/abstract=1521015> (skim)
- 25. New Developments
 - a. BJR Chapter 9.3
 - b. <http://www2.isda.org/news/major-banks-agree-to-sign-isda-resolution-stay-protocol>
 - c. <http://clsbluesky.law.columbia.edu/2016/10/05/too-big-and-unable-to-fail/>
- 26. Review session

Final examination

Your grade will be based primarily on a 48-hour *take home* final examination at the end of the course.

Attendance and preparedness

Your preparation for class and active participation during class are essential. Prior preparation of the assigned reading materials and problems will therefore be presumed and required, and I reserve the right to incorporate these factors into your final class grade.

I call on people in class and expect everyone to be prepared. If there is a day when you cannot be prepared let me know by email before class and I will not call on you that day. Excessive requests to “opt out” of class participation will affect your final grade.

Disability Support

If you have, or think you might have, a disability that requires an accommodation in order to maximize your prospects for success in Law School, please contact either our Assistant Dean of Students, Andrea Cascarano, or the Office of Disability Support Services (“ODSS”) at the University at (973) 313-6003.

All accommodations must ultimately be sought through and approved by ODSS. It will make every effort to accommodate documented disabilities of every kind. The deadline for submitting applications (including reports from physicians, psychologists and other professionals) to ODSS to establish eligibility for accommodations on exams for the Fall semester is on or about November 1st and on or about April 1st for the spring semester. This deadline ensures that the documentation review process will be completed and accommodations in place in time for final exams. More information is provided [online](#), but Dean Cascarano at the Law School can also advise you about the process.

Office Hours and Discussion

I am in my office most days of the week from approximately 10am to 5pm. Feel free to come by to discuss anything related to the class.

Questions or requests to schedule a meeting at a specific time can be sent to my e-mail address shown at the top of the syllabus (my preferred means of communication). Please note that I generally prefer *not* to answer substantive questions in telephone call.

Wednesday, September 5, 2018