Curriculum International Business Law: Finance and Behavior

1. Contract Law and Psychology of Negotiations (6 credits)
2. Anatomy of Corporate Law (6 credits)
3. International Arbitration (6 credits)
4. Problems of Market Regulation (6 credits)
5. Law and Behavioral Economics (6 credits)
6. Public and Private Enforcement (6 credits)
7. Financial Law: Governance & Behavior (6 credits)
8. Corporate Social Responsibility (6 credits)

1. **Contract Law and Psychology of Negotiations**

*Coordinators:* Prof. R.J Tittes, Prof R. Ronay

*General description*
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 you with a broader understanding and prepares you for a future in which you will exchange thoughts with colleagues from other national jurisdictions.

The topics analyzed in the contractual component 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 component 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 relationship.

*Evaluation methods*
Written exams, participation

*Course materials*
2. The Anatomy of Corporate Law

*Coordinators:* Prof J Winter, Mr M Schouten, Mr K de Roo

*General description*
This course addresses the economics of corporate law with a focus on the role that corporate constituencies play in the running of the corporation, as well as on the relations amongst them.

Rather than focusing on the analysis of specific legal systems, this course pays particular attention to the issue of the economic rationale behind different legal approaches to the organization of business corporations in contemporary societies. One of its main targets is to examine whether and how different institutional and economic settings justify tailored legal approaches to the regulation of business corporations.

The topics analysed in the course include, but are not limited to: a) the economics of shareholder behaviour; b) collective action problems and the rationale of the separation of ownership and control in business corporations; c) the duties of the directors of the corporation; e) the relationships between corporations and third parties; f) economic rationales for group structures and joint ventures; and g) behavioural aspects of corporate decision making.

*Evaluation methods*
Written exam (50%), presentation (40%), and paper (10%)

*Course materials*
- The Anatomy of Corporate Law (OUP 2017).
- Other reading materials distributed by the course coordinator.

3. International Arbitration

*Coordinator:* Mr. I.O. Ciobanasu

*Course objective*
The objectives of this course are to promote academic education and to encourage critical and independent thinking. Upon completion of the course, the student will be able to practice professionally in the field.
of arbitration. To this effect, the course discusses realistic problems so that students will be able to resolve such legal problems on a sound theoretical and pragmatic basis.

Course content
The focus of the course is on commercial arbitration. There will be some discussion of procedural aspects of international investment arbitration. Students are expected to be familiar with basic concepts of private international law.

The course focuses on a combination of practical and theoretical issues. While some elements are taught on a structured, theoretical setting (i.e. the workings of a typical international arbitration law), other components of the course are taught on the basis of practical, real-life, examples (such as drafting appropriate arbitration clauses).

Evaluation methods
Written exam and paper

Course Materials
Redfern and Hunter on International Arbitration, Student Version.

4. Problems of Market Regulation

Coordinator: Prof. G. Davies

General description
The course addresses the policy dilemmas and challenges involved in regulating markets. It tries to identify the interests and perspectives which conflict, and show how different approaches to regulation support or suppress certain of these interests or perspectives. The course is built around the why, how, what and who of markets: why do we want them? For welfare, in the economic sense, or for wellbeing, or both? How do we regulate them, and which techniques of regulation and governance achieve which goals? What do we want to be subject to market exchange, and which goods and services, if any, are either unsuited to buying and selling because transacting them destroys their value, or unsuited to competition because they are natural monopolies? And finally, who should decide how a market is regulated, those with the relevant expertise, or political actors, and how do their roles interact? There is a certain emphasis on transnational markets, and the law and policy dilemmas, and trilemmas, which arise when a market spans multiple jurisdictions.

Evaluation methods
Papers and presentation

Course materials
Reading materials distributed by the course coordinator.

5. Law and Behavioral Economics

Coordinator: Dr J.J. van der Weele

General description
Over the last few 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, behavioral 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 we discuss improved models of decision-making such as prospect theory. We analyze the importance of such models for the design of regulation, with a specific emphasis on the effectiveness of deterrence and the possibilities of ‘benevolent paternalism’ or ‘nudging’.

The last component 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.

Goals
After completing the course, students will have developed the following capacities:
- Students will have an understanding of economic decision theory, and will be able to define the components of rationality and Bayesian updating.
- Students will be able to formulate the main tenets and implications of the economic theory of deterrence.
- Students will know how different biases affect decision-making under certain conditions and in negotiations, and will be able to elucidate the main behavioral theories of decision-making when facing risk.
• Students will understand the basic concepts of game theory, such as the Nash equilibrium, and will be able to use these concepts to analyze social dilemma problems.

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

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

6. Public and Private Enforcement

Coordinator: Prof. L.J. Smeehuijzen

General description
Traditionally, law is taught from the perspective of a specific legal discipline. An alternative way of teaching law is focusing, not on the law as such, but on a specific societal problem. The question then is what the law has to offer in finding a solution to that problem.

This approach is taken in the course ‘Public and Private Enforcement’. Each class another professor will be talking about a topic he or she is specialized in. The problems that will be discussed are various. We will talk about Public enforcement of Competition Law, and Online Enforcements of intellectual Property Rights and private Enforcement of Competition Law for example, but also about Liability for Climate Change and about corporate accountability for human rights violations. We will visit The Netherlands Authority for Consumers and Markets (ACM) in The Hague and The Dutch Authority for the Financial Markets (AFM).

All speakers will provide reading materials one week before class. After each class, there will be an assignment posted on Canvas consisting of a series of questions relating to: (i) the reading materials and (ii) what was told and discussed in class. Those questions will invite students to write short essays.

Evaluation methods
Papers: marks will be based on: (i) structure; (ii) quality of reasoning; (iii) quality of language; (iv) originality of thinking.

Course materials
Detailed information about reading materials and the topics to be dealt with in class will be available on Canvas.
7. Financial Law: Governance & Behavior

Coordinator: Prof. B. Joosen

This course provides for an in-depth study on the roots and causes of the financial crisis that originated in the US real estate markets in 2007 and the collapse of the systemically important investment bank Lehman Brothers in September 2008. The contagious effects of the collapse of this major US Bank to the European and Asian markets resulted in a deep financial crisis in other parts of the globe in the years 2008 and 2009 but was followed up by another significant crisis in Europe caused by the sovereign-bank doom loop. The course is built up as follows:

- **Origins, causes and effects of the financial crisis of 2007/2008 and the sovereign crisis in Europe in 2011.** The originate-to-distribute model of bank funding by means of securitisations, the derivatives markets and the reliance on wholesale funding by banks. The doom loop effects with respect to the dependency of states on banks, the deterioration of bank’s balance sheets as a result of the weakening position of the sovereign and the bail out of banks in Europe to avoid systemic crisis in the financial markets. A critique on the governance and risk management of banks;

- **Regulatory responses to the financial crisis.** The Pittsburgh Agenda of the G20 adopted in 2009. The regulation of the global financial markets, development of the new capital requirements of Basel III and the introduction of an internationally harmonised framework for liquidity supervision. Towards an harmonised methodology to identify systemically important institutions and regulating such globally and domestically important banks and insurance companies. Improvement of cross-border cooperation between supervisory authorities and the creation of the European System of Financial Supervision and the Banking Union.

- **From bail out to bail in of banks.** The European recovery and resolution framework as second pillar of the Banking Union. Towards resolvable banks and improvement of the bank crisis management tools for authorities and supervisors. Stakeholder management and the analysis of the position of management and governance of banks in the context of crisis management measures.

- **Market conduct and the attitude of offerors of financial products and services towards their clients.** Regulation of product governance and product intervention by regulators to address the appropriate behaviour of banks when offering products and services. Towards a segregation of the retail and wholesale markets and improving the protection of the retail customers in respect of complex financial products and services.

- **Sustainable finance and the introduction of corporate social responsibility for the financial industry.** Setting the agenda for stimulus of the private sector to the realization of the Paris Climate Accord. Sustainable finance agenda of the European Commission and the changing views as to risk management in the context of sustainable finance contributions of the banking sector.

**Evaluation methods**

Each student writes a paper that will be graded and contributes for 20% to the course grade and additionally there is a written exam.

November 27, 2018
Course materials
Detailed information about reading materials and the topics to be dealt with in class will be available on Canvas.

8. Corporate Social Responsibility

Coordinator: Dr. A. Duare Correia

General description
The business case for sustainability indicates that increased sustainability performance is not an obstacle to profitability; it is the key for the financial viability of corporations. It is also the key for managing the exponential growth of the world population and of consumption. In this context, what are the corporation’s social responsibilities?
We will debate questions such as: which framework, mandatory or voluntary and integrated or not, is most suitable to contribute to the development and implementation of sustainability reporting? How can sustainability ratings (e.g. Dow Jones Sustainability Index) contribute to the development of corporate sustainability and responsible investment? How can large investors such as pension funds contribute to the development of corporate sustainability and responsible investment?

We will explore the underlying concepts of sustainability, materiality, stakeholder engagement, sustainability reporting, integrated reporting and responsible investment. How these topics are developing globally, with a particular focus on the European Union (EU) regulatory and voluntary developments, but also the United States and South Africa. We will look at landmark EU Directives, implications of international agreements such as the Paris agreement and the Sustainability Development Goals; the work of pioneer leading organizations such as the United Nations Global Compact, United Nations-supported Principles for Responsible Investment, Global Reporting Initiative, International Integrated Reporting Council, CDP, former Carbon Disclosure Project and the Sustainability Accounting Standards Board; the concept of shared-value and fiduciary duty; and the roles of the EU, national Governments and the investors, such as pension funds.

Evaluation methods
Paper (70%), presentation (20%) and participation (10%).

Course materials
TBA. The reading material will be distributed by the course coordinator.