

<b>Module number and title</b>	E8028 Financial Contract Theory
<b>Form and applicability of the module</b>	Elective CDSE
<b>Duration of the Module</b>	1 semester
<b>ECTS-Credits</b>	5
<b>Teaching method</b>	Lecture and Student Presentations (2 SWS)
<b>Cycle of offer</b>	once a year
<b>Expected number of students in class</b>	5-10
<b>Course language</b>	English
<b>Prerequisites</b>	Advanced Microeconomics I - III
<b>Goals and Contents of the module</b>	<p>The course teaches contract theory at the level of the research frontier. It reviews a number of classic topics in contract theory and puts them in an abstract general framework that makes it possible to understand the underlying common structure of these topics. All topics are from finance, but there are many links to other fields of economics. The course therefore also benefits doctoral students in finance and serves as a bridge between the two fields.</p> <p>The main topics are 1. Contracts and contingent markets, 2. Debt Contracts, 3. Hidden actions, 4. Incomplete contracts and renegotiation.</p>
<b>Expected Competences acquired after completion of the module</b>	<p>Students are supposed to understand the deep structure of hidden information, hidden actions, and unverifiability problems and the common features shared by these problems. They are able to master the complex technical difficulties arising in the formulation and solution of such problems and can use the tools of contract theory in their own research.</p> <p>Students are able to read publications at the research frontier in information economics and contract theory in the fields of finance and related areas and to judge the conceptual value of the approaches taken in these papers. They can communicate their findings to other students and researchers by means of full academic presentation and in research-type articles. They can evaluate the relevance and correctness of technical arguments made in the literature and identify mistakes in publications. They are capable of assessing which arguments are novel and likely to generate intellectual progress, and which ones are just technical firework.</p>

<b>Requirements for the assignment of ECTS-Credits and Grades</b>	One homework (40%), one research paper about a set of articles (40%), and a presentation (60 minutes) of this paper (20%).
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