



AFCP867

Investment Banking

AFC Term 2 City 2019

Department of Applied Finance

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General Information

Unit convenor and teaching staff

Lecturer

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Contact via Email

Credit points

2

Prerequisites

(Admission to MAppFin or MAppFin(Adv) or GradDipAppFin) and ECFS866

Corequisites

AFCP859 or AFCP862

Co-badged status

Unit description

This elective explores the execution of major corporate and financial transactions, particularly in the area of Mergers & Acquisitions (M&A), and Equity Capital Markets (ECM). Students will gain a fundamental working practical knowledge of the processes, core theory and market techniques required to conclude successful ECM and M&A transactions. The unit also covers key regulations impacting on major corporate finance transactions, and considers the regulatory environment of major corporate finance transactions. The unit builds on valuation and analysis skills gained in the Corporate Finance unit and relevant Corporate Finance electives. It will appeal to students seeking to enhance their corporate advisory, transaction execution and management skills, in either an investment or corporate banking environment, professional services, corporate advisory or corporate business development roles.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Analyse and explain major corporate transactions, major trends, and their role in achieving organisation strategic objectives.

Implement and execute major corporate finance transactions.

Identify and explain key tools used in advising on, and executing, major corporate transactions.

Critically evaluate major transaction structures used in ECM and M&A transactions.

Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

General Assessment Information

To pass this unit the student needs to (1) Achieve an aggregate mark of 50 or more, and; (2) Pass the Final Exam.

Assessment Tasks

Name	Weighting	Hurdle	Due
Pre-unit Quiz	20%	No	Refer to iLearn
Assignment	40%	No	Refer to iLearn
Final Exam	40%	Yes	Refer to Timetable

Pre-unit Quiz

Due: **Refer to iLearn**

Weighting: **20%**

Summary of Assessment Task

Individual / Group: Individual.

Due Date: Refer to iLearn.

Submission Method: Online via the unit's iLearn site.

Duration: Refer to iLearn.

Extension Requests:

- You are expected to make yourself available for assessment during the relevant quiz window.
- Students who do not submit this task by the due date and time receive a result of zero. This penalty does not apply when an application for Special Consideration has been made and approved.
- Students who do not attempt the quiz receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.

- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at www.mafc.mq.edu.au for information on the University's [Special Consideration Policy](#).

On successful completion you will be able to:

- Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

Assignment

Due: **Refer to iLearn**

Weighting: **40%**

Summary of Assessment Task

Individual / Group: Individual.

Due Date: Refer to iLearn.

Submission Method: Online via Turnitin on the unit's iLearn site.

Duration: Refer to Assignment cover sheet.

Extension Requests:

- No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.
- Late submissions will be accepted up to 96 hours after the due date and time.
- Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.
- Refer to MAFC Program Rules at www.mafc.mq.edu.au for information on the University's [Special Consideration Policy](#).

Other Information:

- The assignment will give students the opportunity to apply the techniques used in the unit. It is *expected* there will be a choice of applications, to cater for individual student interests.
- The requirements of the assignment will be further reviewed in class.

On successful completion you will be able to:

- Implement and execute major corporate finance transactions.
- Identify and explain key tools used in advising on, and executing, major corporate transactions.
- Critically evaluate major transaction structures used in ECM and M&A transactions.
- Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

Final Exam

Due: **Refer to Timetable**

Weighting: **40%**

This is a hurdle assessment task (see [assessment policy](#) for more information on hurdle assessment tasks)

Summary of Assessment Task

Individual / Group: Individual.

Due Date: Refer to Timetable.

Submission Method: As per MAFC Program Rules at www.mafc.mq.edu.au

Duration: 2 hours plus 10 minutes reading time.

Examination Conditions:

- All examinations are closed book. However, permitted materials and aids are:
 - A study sheet, prepared by the student (one double-sided A4 page), to be advised by the Lecturer prior to the exam.
 - Calculators - permitted calculators are noted under 'Calculators' below.
- Exam times and locations are noted in the unit timetable at www.mafc.mq.edu.au.
- Refer to MAFC Program Rules at www.mafc.mq.edu.au.

Extension Requests:

- You are expected to present yourself for examination at the time and place designated in the relevant MAFC Timetable at www.mafc.mq.edu.au.
- Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.
- Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.
- Note: Applications for Special Consideration must be made within 5 (five) business days

of the due date and time.

- Refer to MAFC Program Rules at www.mafc.mq.edu.au for information on the University's [Special Consideration Policy](#) or non-attendance at an examination.

On successful completion you will be able to:

- Analyse and explain major corporate transactions, major trends, and their role in achieving organisation strategic objectives.
- Implement and execute major corporate finance transactions.
- Identify and explain key tools used in advising on, and executing, major corporate transactions.
- Critically evaluate major transaction structures used in ECM and M&A transactions.
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Delivery and Resources

CLASSES

Face-to-Face Teaching: Generally 18 hours.

Timetable: Detailed timetable for classes are on the Centre's website at www.mafc.mq.edu.au

Consultation Times:

Students who wish to contact any of the teaching staff may do so through:

- The unit's iLearn site, in relation to general queries (so that all students may benefit); or
- Individual consultation with the lecturer by email in the first instance, if necessary.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text: Nil

Course Resources:

- The unit notes and iLearn contain all the requisite material for the classes, assignments and final examination. The value of the unit will be maximised if you are able to review unit notes and readings prior to classes. Please critically assess the material in these readings.
- Students should assume any additional readings are examinable unless otherwise advised.

Lecture Notes: Available in printed form and electronically via iLearn.

Useful References: There are a number of useful sources to help assess current trends in the investment banking industry:

- Brokers report/SEC filings of Moellis, Lazard & Greenhills - these are 'pure' investment banks, but also Macquarie Bank and Goldman Sachs Annual Reports
- Blogs: Matt Levine (Bloomberg); Financial Times (Alphaville)

Calculators:

- A financial calculator that can handle time value of money calculations is required.
- In examinations, hand held calculators are permitted. Mobile phones and computers are not permitted.

Assumed Access:

- Access to a computer with word processing and spreadsheet capability is assumed, as is general computer literacy.
- Access to a laptop, taken to class, is desirable.

TECHNOLOGY USED AND REQUIRED

Unit iLearn Site:

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on ***AFCP867 Investment Banking***.
- This is where you will find links to forums, downloadable resources and other important pages.
- iLearn forums allow you to communicate with other students and lecturer(s) and may provide supplementary material.
- Please post questions to forums at least 24 hours prior to an assignment submission date or an examination date. Questions posted after that time may not be answered.
Please try to not leave your questions to the last few days.

Important Notice:

- It is important that you familiarise yourself with the unit's iLearn site.
- Students should check the unit's iLearn site regularly (minimum twice a week and prior to all lectures) and look for updates and distribution of materials (including case studies) related to the unit or assessments and, if relevant, participate in forum discussions.

Unit Schedule

1. What is Investment Banking?

We present an overview of the investment banking industry, and describe the typical

organisation structure of investment banks. Investment banking covers a wide range of activities, however this unit focuses on:

- Introduction
- What is investment banking
- Investment banking league tables
- Investment banking organisation structure
- Market trends
- Regulatory environment
- Review of valuation concepts
- Skills of the investment banker

2. Initial Public Offerings

In this topic we review the Initial Public Offering (“IPO”) process. The following topics are covered:

- Benefits of equity listing
- Characteristics of successful IPOs
- Alternative IPO structures
- Parties in IPO transactions
- Prospectus, disclosure requirements and listing rules
- IPO offer structures

3. Mergers & Acquisitions

This topic reviews the motivations for M&A transactions, and analyses the variety of structures used in M&A transactions. The impact of regulatory requirements is considered.

- Identify target, value target and assess synergies
- Assess pro-forma impacts of transaction
- Select preferred acquisition structure
- Assess regulatory and other process issues
- Due diligence
- Funding the acquisition

4. Secondary Equity Offerings

This topic reviews the wide range of mechanisms for an existing listed company to raise additional equity capital, known as a secondary offering (“SEO”). Topics covered include:

- Alternative mechanisms for undertaking SEOs
- Issue timetables
- Disclosure requirements

- Bookbuild case study

5. Divestment / Demergers

This topic reviews the process whereby companies sell or demerge a portion of their business portfolio. Topics covered include:

- Identifying and valuing the target business unit
- Assessing the pro-forma impact of divestment transaction
- Selecting the divestment process
- Assessing regulatory and other process issues
- Application of proceeds issues

6. Takeover Defences

This topic reviews the strategies available to companies who are actual, or potential, takeover targets. Topics covered include:

- Pro-active defence strategies and procedures
- Re-active defence strategies and procedures
- Directors' duties and responsibilities
- Contents of target statements

7. Capital Management Transactions

This topic reviews the range of capital management transactions available to companies. Topics covered include:

- Motivations for capital management transactions
- Share buyback and return of capital transaction structures
- Demergers – a combined divestment and capital management transaction?
- Multiple listings
- Dual listed structures

8. Conclusion and Review

This topic concludes the course with a review of key skills needed to undertake investment banking transactions, examines how the investment banker can add value in a transaction, and considers the issues in preparing a pitch document. Topics covered include:

- Review of key investment banking skills
- How does the investment bank(er) add value?
- Preparing the pitch

Learning and Teaching Activities

Strategy

The Master of Applied Finance degree adopts a deep teaching and learning strategy, in which students acquire and retain knowledge and also are able to make sense of the issues and concepts and apply them in the “real world”. The degree relies heavily on student engagement and participation by: (a) Continuous learning throughout the term. This is encouraged through a combination of students undertaking prescribed reading throughout the units and/or completion of practice problems, case studies, assignments, class presentations etc and interaction via forums in the unit’s iLearn site; and (b) Assessments, which enable the student to demonstrate his/her understanding of the learning objectives achieved through the continuous learning.

Student Participation

Students participate in this unit by: (a) Attending lectures and participating in class discussion; (b) Before each class, completing the recommended readings of notes and text, and working systematically through suggested problem sets; (c) Interacting on the unit’s iLearn site; and (d) Completing all assessment tasks and exams. On average, the unit will require students to complete, for every hour of class time, approximately 3 hours private study.

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway \(https://students.mq.edu.au/support/study/student-policy-gateway\)](https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Students should also consult the MAFC Program Rules at <http://www.mafc.mq.edu.au>

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student enquiry service (MAFC-specific)

For all student enquiries, please contact studentsupport@mafc.mq.edu.au

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Learning Skills

Learning Skills (www.students.mq.edu.au/support/learning_skills/) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Analyse and explain major corporate transactions, major trends, and their role in achieving organisation strategic objectives.
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- Critically evaluate major transaction structures used in ECM and M&A transactions.
- Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

Assessment tasks

- Pre-unit Quiz
- Assignment
- Final Exam

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based

critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Implement and execute major corporate finance transactions.
- Identify and explain key tools used in advising on, and executing, major corporate transactions.
- Critically evaluate major transaction structures used in ECM and M&A transactions.
- Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

Assessment tasks

- Pre-unit Quiz
- Assignment
- Final Exam

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcomes

- Implement and execute major corporate finance transactions.
- Critically evaluate major transaction structures used in ECM and M&A transactions.
- Identify and explain relevant laws and regulations impacting on ECM and M&A transactions, and be able to critically evaluate the regulatory policy environment of such transactions.

Assessment tasks

- Pre-unit Quiz
- Assignment
- Final Exam

Important Notice

This Unit Guide may be subject to change. Students will be advised, via an "Announcement" on iLearn, if the Unit Guide is changed.

The latest version is available at <https://unitguides.mq.edu.au/>.

Students should read the Unit Guide carefully at the start of term. It contains important information about the unit. If anything is unclear, please consult one of the unit lecturers.