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Curriculum and Research Update

Our **Project on Innovation and Stability in Financial Institutions and Capital Markets** continues to move forward. **Eric Talley** assisted the Congressional Oversight Panel (COP) in evaluating the “stress tests” to which the Federal Reserve subjected the nation’s largest bank holding companies. The COP is the body Congress charged with overseeing the Troubled Asset Relief Program (TARP). The tests were designed to evaluate the health of the nation’s banking system and guide decisions on infusions of public capital. The stress tests results and the COP evaluation of them were widely reported in June. Eric’s analysis, co-authored with Haas Professor Johan Walden, is available as an appendix to the **COP Report**.

We are closely monitoring the Congressional and Obama administration efforts to overhaul the country’s financial system. BCLBE Fellow **Anita Krug** is developing a white paper evaluating the various proposals on regulation of hedge funds and other private investment companies and their managers. Incoming Berkeley Law Professor **Robert Bartlett** is investigating credit default obligations, instruments whose role in the financial system has exploded and then imploded in less than a decade. In conjunction with colleagues at Haas, we are investigating the broader question of the “systemic risk” that interconnected financial institutions present to the global economy and how and whether the proposed financial regulations will be effective in curtailing this risk. By connecting with Congressional staff handling the legislative overhaul and with industry and advocacy groups seeking input to it, we will be producing several white papers that integrate academic, business and policy perspectives to arrive at concrete proposals to enhance stability and innovation within our capital markets.

New course offerings highlight the relationship between our teaching and research missions:

Capital Markets and Financial Institutions: Crisis and Regulatory Response will provide students with an overview of the US financial system and include real time insights and evaluation of the regulatory reforms currently under consideration. Mark Perlow, a partner at K&L Gates and former SEC staff member, who will teach this course, is actively involved in our research efforts on financial regulatory reform and has been invaluable in building a connection between BCLBE and the professional, business and policymaking communities.

Corporate Finance and Law. This expanded advance course explores the intersection of corporate finance and corporate law, particularly in domains where the two fields tend to lean heavily upon one another: mergers and acquisitions, securities litigation, corporate governance, and state shareholder actions. It draws from both the disciplines of finance and law and will prepare students to thoroughly understand, evaluate, and defend the underlying economics of a transaction or litigation claim as well as the legal doctrines applicable to them.

News

Eric Talley and Jesse Fried chaired panels on Antitrust and Corporate Governance respectively and presented recent papers at the May 2009 American Law and Economics Association Annual Meeting.

BCLBE co-sponsored the **13th Annual Conference of The International Society for New Institutional Economics**, held at the Haas School of Business in June. The conference included over 200 scholars in disciplines including economics, law, political science and sociology.

July 1 brings two departures from BCLBE. Jesse Fried leaves Berkeley Law to join the faculty at Harvard Law School and John Hunt begins his teaching career at UC Davis School of Law. We wish them well in their new positions and look forward to continued collaborations.