I. Course information:

**Regulation of Financial Institutions (3 credits)**
Course No. 0781 L01 (30131)
Winter Semester 2017
Course begins: Wednesday, January 4, 2017
Last class: Wednesday, April 19, 2017
Meeting Days and Time: Mondays and Wednesdays, 11:15 am - 12:45 p.m.
Building and Room: Law School, Lecture Room 3

II. Instructor information:

Professor Timothy Canova
Email: canovat@nsu.law.nova.edu
Phone: (954) 262-6150
Office: Room 221
Office Hours: By appointments, Tuesdays and Fridays

III. COURSE DESCRIPTION:

*Regulation of Financial Institutions* introduces students to federal regulation of banking and financial services in the United States including: the historical development of bank regulation; regulation of thrifts and credit unions; development of central banking; bank chartering and regulation of bank subsidiaries, bank holding companies, and financial holding companies; scope of bank powers; geographic expansion, mergers, and antitrust; regulation of safety and soundness, including bank capital and leverage; consumer protection; examination and enforcement; bank failures and resolution; and capital market activities, including structured finance, securitization, and derivatives.

We consider this material in the context of historical developments, including the rise of functional regulation in the New Deal period, such as the Glass-Steagall Act of 1933, which provided bright line limits on bank activities, interest rates, and geographic scope while imposing lending standards, and margin, capital and reserve requirements. We will analyze more recent developments, including the Gramm-Leach-Bliley Financial Services Modernization Act of 1999, which swept aside much of what remained of the Glass-Steagall Act, and the Commodity Futures Modernization Act of 2000, which deregulated the market for financial derivatives. An overarching theme is how policymakers have responded, or failed to respond, to the 2008
financial crisis. We consider the Troubled Asset Relief Program (TARP), the Federal Reserve’s emergency lending and liquidity support programs, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and responses by foreign regulators. Students are not expected to have any prior experience in business, banking, or finance.

IV. LEARNING OUTCOMES:

Upon completing this course, students will:

1. understand the historical development of banking and financial institutions and the basic framework of federal regulation of these institutions;
2. understand and identify the tensions between federal and state law in regulating banks and financial institutions and the scope of their powers;
3. understand the role of regulators in supervising the safety and soundness of banks and financial institutions, insuring deposits, protecting consumers, and resolving bank failures;
4. describe and analyze the various legal, regulatory, and financial market developments that contributed to the 2008 financial crisis;
5. describe and analyze the major legal and regulatory policy responses to the financial crisis;
6. develop a broader and deeper understanding of the relationship between law, public policy, regulatory agencies, and changes in financial institutions and markets.

V. REQUIRED TEXTS AND MATERIALS:


ISBN: 978-0-470-94275-8

Digital copies of edited judicial opinions, statutory sections, journal articles and case studies will be assigned throughout the semester

Also recommended:


VI. COURSE REQUIREMENTS:

A. Seminar Requirements, Expectations, and Grading

1. Preparation and Participation (25%)
   This portion of the grade will reflect the following:
   • Attendance, preparation, and participation in class discussions.
   • Complete and outline all required readings prior to class.
   • Students will be assigned to lead class discussion two or three times during the semester. This will require complete preparedness for class discussions, along with outline and discussion questions.

2. Midterm Examination (25%)
   • The midterm exam will be closed book and will be held on Monday, February 20th and will likely consist of a combination of multiple choice, short answer, and essay questions.

3. Final Examination (50%)
   • The final exam will be cumulative, covering readings from the entire semester, and closed book. It will be held on Monday, May 1st and will likely consist of a combination of multiple choice, short answer, and essay questions.

B. Classroom Behavior

Regular classroom attendance and participation is required. Students must be prepared for each class. This means having read all assigned material prior to each class and prepared to discuss readings in class. Students are expected to participate in class discussions with civility and respect for opposing views.

Laptops, Notebooks and iPads, and Cellphones: Students are permitted to use laptops, notebooks and iPads in class. This policy may be changed without notice during the semester if it seems to me that students are using their laptops for any purposes other than taking class notes.

Cellphones must be turned off completely in class. Electronic devices may not be used to make any audio or video recordings of class discussions. Emailing, texting, and messaging are prohibited during class. Your attendance in class will constitute your agreement to honestly abide by these terms of attendance. Violations of these rules may result in a reduction in a student’s final grade and/or a complaint filed for infractions of the NSU Code of Student Conduct and Academic Responsibility.

C. Academic Honesty

Cheating and Plagiarism will not be tolerated: students may be suspended or expelled for such actions. Students are expected to comply strictly with NSU’s Academic Integrity and Plagiarism Policies. Links to these policies are available at the following webpage: http://www.nsulaw.nova.edu/online/edl/current/students.cfm
D. Attendance Policy:

Regular attendance is required. Under the Code of Academic Regulations (available at: https://intranet.law.nova.edu/intranet/students/studentservices/documents/CodeOfAcademicRegulationMay2015final.pdf), students may not miss more than 20 percent of the number of class meetings. This rule applies to all absences. No distinction is made between excused and unexcused absences. Students who have excessive absences will be withdrawn from the course, and barred from attending class, completing further class work, submitting course assignments, and taking the final exam. They will receive a grade of either W or F.

A student’s final grade may be lowered to the next grade level if the student has been unprepared more than two (2) times. A student who because of inadequate class preparation does not respond to a faculty member’s inquiry is unprepared.

VII. COURSE SCHEDULE:

Revisions in class assignments will be announced in class and/or posted on the Intranet.

WEEK 1

Wednesday, January 4th
The Regulated Environment of Banking
Malloy TEXT: pp. 1-28

WEEK 2

Monday, January 9th
Regulators
Malloy TEXT: pp. 28-42

Wednesday, January 11th
The Subprime Mortgage Crisis
Malloy TEXT: pp. 336-345

WEEK 3

Monday, January 16th
No classes: Martin Luther King, Jr. Day

Wednesday, January 18th
Entry Rules
Malloy TEXT: pp. 43-77
**WEEK 4**

**Monday, January 23rd**
No Classes: Rosh Hashanah religious observance

**Wednesday, January 25th**
Branching
Malloy TEXT: pp. 79-104

**WEEK 5**

**Monday, January 30th**
Control Transactions
Malloy TEXT: pp. 105-132

**Wednesday, February 1st**
Control Transactions (continued)
Malloy TEXT: pp. 132-160

**WEEK 6**

**Monday, February 6th**
Transactional Rules
Malloy Text: pp. 161-194

**Wednesday, February 8th**
Transactional Rules (continued)
Malloy TEXT: pp. 194-222

**WEEK 7**

**Monday, February 13th**
Transactional Rules (continued)
Malloy TEXT: pp. 222-242

**Wednesday, February 15th**
Review
WEEK 8

Monday, February 20th
MIDTERM EXAM

Wednesday, February 22nd
Regulation and the Financial Crisis
Skeel BOOK: pp. 1-57, 99-115

WEEK 9

Monday, February 27th
Holding Company Activities
Malloy TEXT: pp. 243-268

Wednesday, March 1st
Securities Regulation
Malloy TEXT: pp. 269-282, 312-333

SPRING BREAK WEEK

March 6-10th
No classes: Spring Break

WEEK 10

Monday, March 13th
Securities Regulation: Capital Adequacy
Malloy TEXT: pp. 282-312

Wednesday, March 15th
Skeel BOOK: pp. 59-97

WEEK 11

Monday, March 20th
Film Screening in class: Inside Job

Wednesday, March 22nd
Resolution of Institution Failures
Malloy TEXT: pp. 335-367
WEEK 12

Monday, March 27th
Resolution of Institution Failures (continued)
Malloy TEXT: pp. 367-389

Wednesday, March 29th
Skeel BOOK: pp. 117-152

WEEK 13

Monday, April 3rd
Bank Regulation and Social Policy
Malloy TEXT: pp. 483-518

Wednesday, April 5th
Film Screening in class: The Warning

WEEK OF RELIGIOUS OBSERVANCES

April 10-14th
No classes: Passover and Good Friday

WEEK 14

Monday, April 17th
Skeel BOOK: pp. 155-193

Wednesday, April 19th
Final Review

Monday, May 1st
FINAL EXAM
VIII. GRADING CRITERIA:

**Final Course Grade:**
Your final grade is determined by your performance on a number of different tasks:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
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<tbody>
<tr>
<td>Preparation and participation</td>
<td>25%</td>
</tr>
<tr>
<td>Midterm Examination</td>
<td>25%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>50%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
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**Grading Scale:** The College of Law uses the following grading system:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Grade Points</th>
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<tbody>
<tr>
<td>A</td>
<td>4.00</td>
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<tr>
<td>A-</td>
<td>3.75</td>
</tr>
<tr>
<td>B+</td>
<td>3.50</td>
</tr>
<tr>
<td>B</td>
<td>3.00</td>
</tr>
<tr>
<td>B-</td>
<td>2.75</td>
</tr>
<tr>
<td>C+</td>
<td>2.50</td>
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<tr>
<td>C</td>
<td>2.00</td>
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<tr>
<td>C-</td>
<td>1.75</td>
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<tr>
<td>D+</td>
<td>1.50</td>
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<tr>
<td>D</td>
<td>1.00</td>
</tr>
<tr>
<td>D-</td>
<td>0.75</td>
</tr>
<tr>
<td>F (or WF)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

AU  Audit; no credit or effect on average  
I   Incomplete  
P   Pass; no effect on average  
W   Withdrawal

IX. UNIVERSITY-WIDE POLICY STATEMENTS

Students should visit [https://www.fcas.nova.edu/about/policies.cfm](https://www.fcas.nova.edu/about/policies.cfm) to access additional required college-wide policies and [https://intranet.law.nova.edu/intranet/students/studentservices/documents/CodeOfAcademicRegulationMay2015final.pdf](https://intranet.law.nova.edu/intranet/students/studentservices/documents/CodeOfAcademicRegulationMay2015final.pdf) for policies specific to the College of Law. It is your responsibility to access and carefully read these policies to ensure you are fully informed. As a student in this class, you are obligated to follow these policies in addition to the policies established by your instructor.

The following policies are described on these websites:
- Academic misconduct
- Last day to withdraw
- Email policy
• Student course evaluations
• Student responsibility to register
• Student responsibility for course prerequisites
• Class Preparation
• Graduation Requirements, etc.

Additional Academic Resources: Nova Southeastern University offers a variety of resources that may aid in student success. Among these resources is:

Accommodations for students with documented disabilities. For more information about ADA policy, services, and procedures, students may call the Office of Student Disability Services at 954-262-7189 or visit http://www.nova.edu/disabilityservices.