

Московский государственный университет

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МОСКОВСКАЯ ШКОЛА ЭКОНОМИКИ

РАБОЧАЯ ПРОГРАММА ДИСЦИПЛИНЫ

«The Financial Crisis and Its Consequences for the US Securitized Markets»

(на английском языке)

Направление 080100 Экономика

для подготовки студентов — магистров очного отделения

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COURSE OUTLINE

MODULE I: Housing crisis in the US

1. Sequence of events: from collapse of mortgage originators to surge in mortgage defaults to Lehman Brothers' bankruptcy
2. Macroeconomic underpinnings of the crisis: is the US crisis unique?
3. Who is to blame for the mortgage crisis?
 - a. Loosening underwriting standards in the mortgage industry?
 - b. Too much innovation in mortgage products?
 - c. Originate-to-sell securitization model?
 - d. Role of government-sponsored housing enterprises Fannie Mae and Freddie Mac?
 - e. Too much investor leverage?
 - f. Collapse in housing prices?
4. Major financial markets involved in the crisis
 - a. RMBS: residential mortgage-backed securities
 - b. CMBS: commercial mortgage-backed securities
 - c. Asset-backed CDOs: collateralized debt obligations
 - d. Repo markets and drying up of collateralized financing
5. Financial crisis from the seat of an MBS hedge fund portfolio manager: personal experience

MODULE II: Basics of mortgage-backed securities

1. Nature of mortgage securitization
2. Types of mortgage collateral
3. Tranching of credit risk via senior/subordinated structure
4. Major types of mortgage-backed securities
5. Measuring credit performance of MBS securitizations
6. Actual credit performance of mortgage deals during the crisis

MODULE III: Basics of asset-backed collateralized debt obligations (ABS CDOs)

1. Credit default swaps (CDS) – a backbone of synthetic CDOs
2. Stylized CDO structure
3. Valuation and risk factors of CDOs
4. Actual performance of ABS CDOs in the crisis

5. What went wrong with many ABS CDOs and who got hurt?

MODULE IV: Perspectives on crisis-related litigation in the securities markets

1. Types of claims and parties involved in RMBS and CDO litigation
2. Proving causation of losses – the hardest part
3. Evaluation of damages on securities claims
4. Where is it all gonna go?

MODULE V: US securitized markets in the aftermath of the crisis

1. Quantitative easing and the Fed as the MBS buyer of last resort
2. Unwinding Fannie Mae and Freddie Mac, and a new mortgage securitization paradigm
3. Investor and bank deleveraging and tightened risk capital controls
4. Dodd-Frank financial reform and its impact on securitized markets
5. Current trends in the issuance and trading of securitized products: RMBS, CMBS and CDOs
6. Will the boom-bust cycle repeat itself again?