

# Taisiya Sikorskaya

PhD Candidate in Finance

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| Research Interests | Asset Pricing, Financial Intermediaries, Asset Management   |
| Education          | <b>London Business School (LBS), United Kingdom</b><br>PhD in Finance, 2017 - present<br><b>University of St. Gallen, Switzerland</b><br>MA in Quantitative Economics and Finance, 2017<br><b>Chelyabinsk State University, Russia</b><br>Diplom (MSc equivalent) in Mathematical Methods in Economics and Operations Research, 2013  |
| Published Papers   | <b>Benchmarking Intensity</b> (with A. Pavlova). Forthcoming in the <i>Review of Financial Studies</i><br>Benchmarking incentivizes fund managers to invest a fraction of their funds' assets in their benchmark indices, and such demand is inelastic. We construct a measure of inelastic demand a stock attracts, benchmarking intensity (BMI), computed as its cumulative weight in all benchmarks, weighted by assets following each benchmark. Exploiting the Russell 1000/2000 cutoff, we show that changes in stocks' BMIs instrument for changes in ownership of benchmarked investors. The resulting demand elasticities are low. We document that both active and passive fund managers buy additions to their benchmarks and sell deletions. Finally, an increase in BMI lowers future stock returns.   |
| Working Papers     | <b>Two APs Are Better Than One: ETF Mispricing and Primary Market Participation</b><br>(with E. Gorbatikov)<br>Exchange-traded funds (ETFs) depend on arbitrageurs to correct deviations between a fund's price and its fair value. ETFs have designated brokers, or authorized participants (APs), who have a unique right to create and redeem ETF shares, and who can thus trade on ETF mispricing without risk. Using novel regulatory filings, we provide the first description of the US ETF-AP network. It has a dense core and a sparse periphery, and the observed creation/redemption volumes are highly concentrated. The level of mispricing in a US equity ETF is negatively related to the fund's network diversity, especially during times of high market volatility. Funds that share more APs exhibit stronger mispricing comovement. We theoretically show that diverse networks help mitigate the effect of shocks to AP-specific arbitrage costs. We highlight the importance of AP balance sheet usage costs in ETF markets by exploiting ETF short-selling halts and the Federal Reserve's purchases of bond ETFs in 2020.<br><br><b>Retail Trading in Options and the Rise of the Big Three Wholesalers</b><br>(with S. Bryzgalova and A. Pavlova)<br>This paper documents rapid increases in (i) retail investor trading in options and in (ii) payment for order flow (PFOF) for options transactions received by the U.S. retail brokerages. PFOF comes from so-called wholesalers/internalizers – market makers who execute order flow for a retail brokerage. Exploiting new reporting requirements and transaction-level data, we isolate wholesaler trades and propose a novel measure of retail investor trading in options. We find that retail traders prefer cheaper, weekly options, the average quoted bid-ask spread for which is a whopping 12.3%, and lose money on aggregate. The inflow of retail investors also coincides with an increase in call options left suboptimally unexercised. Market makers (and other arbitrageurs) exploit these mistakes via the so-called 'dividend play' trades, producing (virtually) riskless arbitrage profits. Puzzlingly, they forgo 50% of these profits, leaving money on the table for option writers. Our findings suggest that the arbitrageurs behave non-competitively and that the Big Three wholesalers, whose share in PFOF for options surpassed 85%, seem to benefit disproportionately from the growth in retail trading. |
| Academic           | <b>2022:</b> AFA (2x), London Business School, Microstructure Exchange*, NBER Asset Pricing Spring Meeting*, Stockholm Business School*, University of Indiana*, University of Central Florida*, YSFC*  |
| Presentations      | <b>2021:</b> Adam Smith Workshop*, ASSA Meetings, EFA, European Winter Finance Conference, FMA*, INSEAD Finance Symposium*, London Business School, MFA, NBER Behavioral Finance*, NFA, SFS Cavalcade North America, University of Bath, Vienna Graduate School of Finance*, WSIR.<br><b>2020:</b> London Business School<br>* Presentations by co-authors.   |

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| Teaching Experience            | <b>LBS Empirical Asset Pricing, PhD</b><br>Assistant to Prof. Svetlana Bryzgalova, 2019-2021<br><b>LBS - MBA</b><br>Finance II, Assistant to Prof. Howard Kung, 2020-2021<br>Finance I, Assistant to Prof. Anna Pavlova, 2018-2020<br><b>LBS - Masters</b><br>Personal Finance, Assistant to Prof. Francisco Gomes, 2019-2021<br>FinTech and the Financial Services Industry Transformation, Assistant to Prof. Narayan Naik, 2018<br><b>LBS - Sberbank Executive Education Program</b><br>Project Appraisal and Corporate Valuation, Assistant to Prof. Anna Pavlova, 2018-2020<br>Financial Statements Analysis, Assistant to Prof. Alastair Lawrence, 2018-2020<br>Macroeconomics, Assistant to Prof. Andrew Scott and Prof. Elias Papaioannou, 2018-2020 |   |
| Additional Research Experience | <b>London School of Economics</b><br>Research Assistant to Prof. Dimitri Vayanos, 2020-2021<br><b>London Business School</b><br>Research Assistant to Prof. Svetlana Bryzgalova, 2020  |   |
| Work Experience                | <b>ThirdYear Capital GmbH, Munich, Germany</b><br>Global Macro Analysis Intern, 2017<br><b>Deutsche Asset Management, Deutsche Bank Switzerland and UK</b><br>Assistant Portfolio Manager, Credit and ETF Portfolio Management, 2014-2016  |   |
| Professional Service           | Organization of Finance PhD seminars and reading groups at LBS, 2019-2021<br>Organization of Finance Junior Faculty and PhD Students reading group at LBS, 2019-2021<br>Organization of the Trans-Atlantic Doctoral Conference 2019, London  |   |
| Awards and Honours             | Professor Sir James Ball PhD Award, London Business School, 2021<br>Fellowship for Doctoral Students, London Business School, 2017-2022<br>The STARR International Foundation Grant, Switzerland, 2013-2014<br>The President of Russia Award for Outstanding Students (awarded twice), 2012<br>The City Administration Award (Chelyabinsk, Russia), 2010   |   |
| Other                          | <b>Languages:</b> Russian (native), English (proficient), German (intermediate)<br><b>Programming:</b> R, SAS, Python, Stata, MATLAB, Julia, VBA, SQL<br><b>Certifications:</b> Completed Level III of CFA examination in 2016   |   |
| References                     | <b>Anna Pavlova (advisor)</b><br>Professor of Finance<br>London Business School<br>+44 (0)20 7000 8218<br>apavlova@london.edu  | <b>Svetlana Bryzgalova</b><br>Assistant Professor of Finance<br>London Business School<br>+44 (0)20 7000 8292<br>sbryzgalova@london.edu |