

# Artem Neklyudov

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## Employment

2013 — 2019: Assistant Professor of Finance, HEC Lausanne and Swiss Finance Institute

## Research Interests

Illiquid assets and pricing, over-the-counter markets and dealer networks, patents and technology, market microstructure.

## Education

2007 — 2013: PhD in Financial Economics, Tepper School of Business, Carnegie Mellon University. *Alexander Henderson dissertation award*

2003 — 2007: BSc in Economics, University of London and Higher School of Economics, ICEF. *1st overall performance*

## Publications

- Hollifield, Burton, Artem Neklyudov, and Chester Spatt. "Bid-Ask Spreads, Trading Networks, and the Pricing of Securitizations." *The Review of Financial Studies* 30.9 (2017): 3048-3085.

## Working Papers

- Bid-Ask Spreads and the Over-the-Counter Interdealer Markets: Core and Peripheral Dealers (*resubmitted to the special-issue of the Review of Economic Dynamics on fragmented markets*)

This paper studies heterogeneity in search technology among dealers in an over-the-counter (OTC) market. Empirical evidence suggests that in many OTC markets dealer networks have a core-peripheral structure with customer bid-ask spreads depending on whether a customer trades with a more central dealer or a more peripheral dealer. The paper develops a baseline search and matching model, which produces a robust centrality discount—lower bid-ask spreads offered by more central dealers. When dealers are allowed to move sufficient amounts of trading capital between their idiosyncratic states the same model parameters may produce a centrality premium. Numerical analysis of the model shows the effects of different underlying distributions of the heterogeneity in search technology on dealer networks and welfare.

- Ideas-Driven Endogenous Growth and Standard-Essential Patents (joint with Albina Khairullina, Andrei Kirilenko, and Christopher Tucci)

In this paper, we study how the regulator expands production possibilities of the economy by assigning standard-essential status to patents. Firstly, we show that in order for standards to affect endogenous economic growth, they have to be productivity-enhancing. The zero-sum redistribution of market share is not enough to reshape incentives to innovate on an aggregate level. Secondly, standards strengthen incentives to innovate when the discovery of new technologies is faster than discounting of monopoly profits in equilibrium. As new technologies are discovered, they dampen the incentive to engage into the final good production relative to the production of patents—and relatively more human capital moves to the innovative sector of the economy, which enhances endogenous economic growth. Our results have important policy implications. Regulators impose FRAND pricing on standard-essential technologies to compensate for the larger market-share the innovators get. As we show, the innovators' risk of losing the standard-setting game ex ante attenuates the anticipation of a larger market share, thus FRAND regulation of mark-ups on top of that can easily have growth-destroying consequences.

- (In)-frequently Traded Corporate Bonds (joint with Alexey Ivashchenko)

Corporate bonds trade actively once issued and then less active as they approach maturity, however, this widespread view can explain surprisingly little of what happens to the trading frequency of corporate bonds over time. We study the U.S. corporate bond transactions data and find that only 15-20% of the variation in trading frequency changes is due to time-varying bond, issuer, or aggregate economy characteristics. We identify trading activity regimes and a subsample of bonds travelling between active and inactive trading regimes. These bonds constitute 25% of the entire sample; we call them (in)frequently traded bonds. Jumps to active trading regimes coincide with positive changes in net client buy volume and result in monthly excess returns of 25-65 b.p. for (in)frequently traded bonds. Jumps to regimes with less active trading yield negative returns of the same magnitude. Common bond market risk factors do not explain these excess returns.

- Overlapping Information Production about Asset-Backed Securitizations

In this paper we study competition in the private information production and trading by large strategic traders in securities backed by a pool of assets, such as mortgage-backed pass-through securities (MBS) or other types of asset-backed securities (ABS). Our model demonstrates that when the correlation in payoffs of the individual assets in the pool is low and, consequently, the risk-diversification effect of pooling is large, strategic traders optimally prefer to remain less informed in equilibrium, even though their dollar expenditures on information production may in fact increase. When there are multiple strategic traders competing to produce private information, ABS and MBS security prices become even less informative compared to a single-trader case, despite the higher aggressiveness of trading on private information. This paper justifies low levels of adverse selection in the secondary markets for securitized ABS and MBS instruments in normal times, and provides a framework to analyze how private information production about asset-backed securities responds to changes in the economic environment.

## Work in Progress

- Volume and Intermediation in Corporate Bond Markets (joint work with Burton Hollifield and Chester Spatt)
- Core and Peripheral Dealer Networks (joint work with Batchimeg Sambalaibat)

## Honors and Awards

- University of Lausanne **Best Teacher Award** (2015)
- Alexander Henderson Award for Excellence in Economic Theory, Carnegie Mellon University, 2013
- William Larimer Mellon Fellowship, Carnegie Mellon University, 2007
- University of London External Programme scholarship, 2007
- All-Russia Economic Olympiad Winner, 2003

## Conferences and Professional Activities

- Presentations: SFI Research Days Gerzensee (2014, 2015, 2016, 2017), BI Norwegian Business School Seminar (2014), AREUEA Meetings 2013, Sixth Erasmus Liquidity Conference (2013, 2017), Chicago Fed Workshop on Money, Banking, Payments and Finance (2013,2015), WFA (2013,2015), NBER Microstructure Meetings 2012, Annual Central Bank Workshop on the Microstructure of Financial Markets (2012,2015), LSE (2016), ESSEC (2017), IE (2017), University of Zurich and ETH (2018).
- Conferences: AFA (2011, 2013, 2014), WFA (2011, 2012, 2013, 2014, 2015, 2016, 2017), EFA (2013, 2014, 2016, 2017), CICF (2014, 2015), Chicago Fed Workshop on Money, Banking, Payments and Finance (2012, 2013, 2014), NBER Market Microstructure Meeting (2012, 2013), Sixth Erasmus Liquidity Conference (2013, 2017), Annual Central Bank Workshop on the Microstructure of Financial Markets (2012, 2014, 2015, 2016), Chicago-Argonne Initiative for Computational Economics 2010.
- Journal referee: Review of Financial Studies, Review of Finance, Review of Economic Dynamics, Mathematical Finance, Review of Asset Pricing Studies, Journal of Financial and Quantitative Analysis.

## Teaching

- Market Microstructure (2nd year MSc in Finance): Fall 2018, Fall 2016, Fall 2015, Fall 2014, Fall 2013
- Fixed Income and Credit Risk (2nd year MSc in Finance): Spring 2018, Fall 2017, Fall 2016, Fall 2015, Fall 2014, Fall 2013
- Introduction to Finance: Summer 2011 (rating score 5/5)

*Updated: January 16, 2019*