

# Mengdie (Mandy) DENG

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The University of Hong Kong  
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## EDUCATION

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### The University of Hong Kong

*Ph.D. in Accounting, HKU Business School*

*2019-2024 (expected)*

### HEC Paris

*Master in Management*

*2017-2019*

### Sun Yat-Sen University

*B.S. in Applied Chemistry, School of Chemistry*

*2011-2015*

## RESEARCH INTERESTS

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Disclosure, Capital Market, ESG, Machine Learning, and Textual Analysis

## WORKING PAPERS <sup>†</sup>

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### [1] Hiding under the table: Transparency of executive hedging and firm performance

Job Market Paper

**Presented at:** 2023 Singapore Rising Scholars Conference at SMU (*Best Paper Award*), The University of Hong Kong, Central University of Finance and Economics (on schedule)

**Abstract:** This study explores the impact of the Securities and Exchange Commission's (SEC) mandatory disclosure rule for executive hedging on firms' economic performance. Using the novel textual data about executive hedging policies and practices from proxy statements, I find the positive impact of the mandate on firms' performance and shareholder value. The transparency of executive hedging would increase the cost of hedging and restore the interest alignment, leading to better economic outcomes. The cross-sectional analysis shows that the positive impact of the mandate on firm performance is more salient for firms with higher incentives of strategic hedging, lower investment efficiency, and a less transparent information environment ex-ante. The research sheds light on the limited study of executive hedging and demonstrates the bright side of the SEC's mandate.

### [2] Managerial forward-looking orientation and corporate environmental risk: Evidence from a machine learning approach

with Tse-Chun Lin (HKU) and Jiayu Zhou (HKU)

**Presented at:** 2023 GRASFI Annual Conference at Yale (*Award for the Most Impactful Research*), The University of Hong Kong\*

**Abstract:** The paper investigates whether managers with forward-looking tendencies are more likely to reduce corporate environmental risk. To answer this question, we adopt a machine learning approach to analyze Q&A sessions of Earnings Conference Calls and create a forward-looking orientation index at the firm-year level. We find that more forward-looking managers are associated with subsequent lower corporate environmental risks. The relationship is weaker when managers are confronted with higher present bias, while stronger when firms drive more attention from green investors and other stakeholders. We also show that firms with forward-looking managers reduce more Greenhouse Gas emissions when mitigating environmental risks. Our results are robust to various specifications for index construction, and instrumental variable approach, and remain after controlling for future performance and traditional proxies for managerial myopia.

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<sup>†</sup> Paper presented by co-authors at conference or workshop is denoted with \*

**[3] Climate policy and firm valuation: Evidence from California Cap-and-Trade Program**

*with Kaiwai Hui (HKU) and Eric Yeung (Cornell University)*

**Abstract:** This paper examines the impact of a market-based climate policy, the California cap-and-trade program, on individual firms' valuation. Counter to the intuition that environmental policies commonly impose compliance costs, we find that the program in general increases affected firms' value. We document that the impact on firm valuation is more salient when firms have higher exposure to the program. To further illustrate the mechanism, we examine the cross-sectional variations on green versus brown firms. We find that after the program begins, green firms generate higher revenues and profitability, suggesting the sales of extra carbon allowances. Together, our paper extends the understanding of the economic consequence of modern climate policies.

**[4] The invisible hand in the dark: The disciplinary effect of dark trading on firm overinvestment**

*with Tse-Chun Lin (HKU) and Jiayu Zhou (HKU)*

**Presented at:** 2022 Financial Management Association (FMA) Annual Meeting, 13th The Japanese Accounting Review (TJAR) Conference, 2022 New Zealand Finance Meeting

**Abstract:** We propose that the availability of dark trading disciplines managers for their investment decisions. Utilizing the trade-at-rule provision in the SEC's Tick Size Pilot Program, we find that restrictions on dark trading lead to higher levels of corporate overinvestment for medium- and small-cap securities. As dark trading incentivizes informed traders to acquire information ex-ante, we also find the results are more pronounced for firms with a larger short-selling flow before the Program. As a consequence, overinvestment due to the restrictions in dark trading worsens the firms' future performance. Overall, we identify a novel external governance mechanism via dark trading venues.

**[5] Takeover risk and boundary of technology diffusion: Evidence from licensing contract design**

*with Kaiwai Hui (HKU) and Guoman She (HKU)*

**Presented at:** The University of Hong Kong workshop

**Abstract:** The paper studies whether and how takeover risk affects the design of the licensing contract. While the takeover risk of a licensee may improve the value of the licensing contract through technological diffusion and commercialization, it also arouses licensors' concerns about unwanted technology diffusion. The licensor thus trades off the cost and benefit in drafting the assignment clause in the contract. Based on the textual analysis of the license contract, we find a robust positive association between expected downstream takeover risk and the usage of restrictive assignment clauses that retain the licensor's decision right about the scope of technology diffusion, suggesting the dominance of proprietary costs concerns. The association is more pronounced when licensors are confronted with greater proprietary cost concerns, but is weakened when the licensee operates in states with strong anti-takeover laws and when it is more important to motivate licensees' relationship-specific investment. Consistent with takeover risk enhancing the contract value through technology diffusion, we find that the restrictive assignment clauses are associated with negative market reactions of licensees.

**PUBLICATION**

**[1] Does better liquidity for large orders attract institutional investors and analysts? Evidence from the Tick Size Pilot Program**

*with Tse-Chun Lin and Jiayu Zhou*

Accepted by the Journal of Financial Markets

## WORK IN PROGRESS

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### [1] Corporate opacity, knowledge acquisition, and coopetition

with Kaiwai Hui (HKU) and Shuqing Luo (HKU)

### [2] Executive hedging policy and insider trading

With Ying Huang (INSEAD)

### [3] Biodiversity risk disclosure and Bank Loans

With Tse-Chun Lin (HKU)

## CONFERENCE PARTICIPATION

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2023 Singapore Rising Scholars Conference at SMU ( <i>Presenter &amp; Best Paper Award</i> )	2023
2023 GRASFI Conference at Yale ( <i>Presenter &amp; Award for the Most Impactful Research</i> )	2023
2023 Hawaii Accounting Research Doctoral Institute	2023
2022 New Zealand Finance Meeting ( <i>Presenter and Discussant</i> )	2022
13th The Japanese Accounting Review (TJAR) conference ( <i>Presenter</i> )	2022
2022 Financial Management Association (FMA) Annual Meeting ( <i>Presenter</i> )	2022
The Nanyang Business School Accounting Conference 2022	2022
3 <sup>rd</sup> AES Summer School (Theoretical Accounting Research)	2021
2021 CUHK Accounting Research Conference	2021
2021 Hong Kong Junior Accounting Faculty Conference	2021
2 <sup>nd</sup> HKU Empirical Accounting Symposium by Prof. W. Robert Knechel	2021

## TEACHING & OTHER ACADEMIC SERVICE

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Teaching Assistant of “Statistical Analysis” in HKU ( <i>with tutorial</i> )	2023
Teaching Assistant of “Introduction to Financial Accounting” in HKU ( <i>with tutorial 95.3/100</i> )	2021
Ad-hoc Reviewer of 2024 Hawaii Accounting Research Conference Annual Conference	2023
Ad-hoc Reviewer of 2023 AAA Annual Conference	2023
Ad-hoc Reviewer of 2023 FARS Midyear Meeting	2022
Student Representative for the Ph.D. students of Accounting in HKU	2021-2022

## HONORS AND AWARDS

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Postgraduate Scholarship (PGS)	2019-2023
University Postgraduate Fellowships (UPF)	2019-2023
Faculty Conference and Doctoral Consortium Grant	2023
Faculty Funding Scheme on International Experience	2023
The Research and Conference Grants from the University Research Committee	2022
The Eiffel Excellence Scholarship	2017-2018
HEC Merit-Based Scholarship	2018

## PROFESSIONAL EXPERIENCE

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### Morgan Stanley Huaxin Funds

Department of Strategy ( <i>Intern for the research on equity market</i> )	2019
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### Colgate-Palmolive

Department of Marketing ( <i>Customer manager</i> )	2015-2017
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### Schneider Electric

Department of Marketing ( <i>Intern for the research on carbon market</i> )	2013
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## **OTHER INTERESTS**

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Chinese Dance, Choreography, Guzheng, Hiking and Travelling

## **REFERENCES**

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### **Kaiwai Hui**

Professor  
Director of MACct Programme  
HKU Business School - Accounting  
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### **Pingyang Gao**

Zhang Yonghong Professor in Accounting  
Associate Dean (Taught Postgraduate)  
HKU Business School - Accounting  
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### **Tse-Chun Lin**

Professor  
Area Head of Finance  
HKU Business School - Finance  
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