

Linyu (Lucy) ZHOU, PhD



CONTACT INFORMATION	School of Accounting and Finance The Hong Kong Polytechnic University Hung Hom, Kowloon, Hong Kong	Phone: +852 6879-3197 E-mail: linyu.zhou@polyu.edu.hk Web: https://linyuzhou.netlify.app
EMPLOYMENT	School of Accounting and Finance, The Hong Kong Polytechnic University 2023.08 – present Postdoctoral Fellow Supervisor: Prof. Jie Jay Cao	
EDUCATION	Department of Finance, The Chinese University of Hong Kong 2018.08 – 2023.07 Ph.D. in Finance Supervisor: Prof. Hua Zhang Ph.D. courses taught by Bing Han (Toronto); Andrew Ellul (Indiana); Tarun Chordia (Emory); Amit Goyal (HEC-Lausanne); Xavier Giroud (Columbia); Jarrad Harford (Washington), etc. Department of Mathematics, Nanjing University, Nanjing, China 2014 – 2017 M.Sc. in Probability and Mathematical Statistics 2010 – 2014 B.Sc. in Statistics	
AREAS OF INTERESTS	Research: Fixed Income Securities, Financial Institutions, Climate Finance, Textual Analysis Teaching: Investments, Fixed Income, Financial Markets, Sustainable Finance	
RESEARCH PAPERS	<ol style="list-style-type: none">1. Do Bond Short Sellers React to Earnings Conference Calls?2. Carbon Emissions, Mutual Fund Trading, and the Liquidity of Corporate Bonds (with Jie Cao, Yi Li, Xintong Zhan, and Weiming Zhang) – <i>Major revision at Management Science</i>3. Idiosyncratic Bond Volatility and Funding Liquidity (with Jie Cao, and Tarun Chordia) – <i>SAFE Asset Pricing Workshop 2023</i>4. Do Insurers Listen to Earnings Conference Calls? Evidence from the Corporate Bond Market (with Jie Cao, Gang Li, Russell Wermers, and Xintong Zhan) – <i>AFA 2024, MIT Asia Accounting Conference 2023</i>	
WORK-IN-PROGRESS	<ol style="list-style-type: none">1. Does the Financial Health of Insurance Companies Affect Bond Market Stability?2. The ESG Preference of Insurance Companies and Municipal Bond Prices3. Dissecting the Market Impacts of Bond ETF Trading4. The Bond Short Selling around FOMC Announcements5. Do Short Sellers Target Corporate Green Bonds?	
TEACHING EXPERIENCE	<i>Teaching Assistant</i> , CUHK Business School, The Chinese University of Hong Kong Empirical Asset Pricing (PhD) 2021 Current Topics in Finance (MBA) 2019 - 2020 Financial Management (Undergraduate) 2020 - 2023 Fundamentals of Business Finance (Undergraduate) 2018 - 2019	

PRESENTATIONS AND DISCUSSIONS	Selected Presentations (# online,* by coauthor)	Page 2
	• American Finance Association Annual Meeting, Texas, US *	2024
	• The 20 th Chinese Finance Annual Meeting, Beijing, China *	2023
	• The 10 th SAFE Asset Pricing Workshop, Frankfurt, Germany *	2023
	• FIRN Asset Management Meeting, Brisbane, Australia *	2023
	• XJTU AI and Big Data in Accounting and Finance, Suzhou, China	2023
	• China Fintech Research Conference, Chengdu, China	2023
	• The 2 nd Workshop on Theory and Application of Big Data Econometrics, Changsha, China	2023
	• Big Data and Statistical Science Interdisciplinary Academic Forum, Shenzhen, China	2023
	• The 1 st Academic Conference on Financial Technology and Big Data, Guilin, China	2023
	• FMA Annual Meeting, Atlanta, US #	2022
	• Mordant Risk Society (MRS) PhD Seminar #	2022
	• Midwest Finance Association Meetings (MFA), Chicago, US *	2022
	• Financial Markets and Corporate Governance Conference (FMCG), Melbourne, Australia #	2022
	• The 4 th Xiamen University Finance Engineering & Quantitative Finance Workshop, China #	2022
	• Shanghai-Edinburgh-London Green Finance Conference, Shanghai, China #	2022
	• Finance and Accounting Annual Research Symposium (FARS), London, UK #	2022
	• The 4 th Israel Behavioral Finance Conference, Tel Aviv-Yaffo, Israel #*	2022
	• China International Risk Forum (CIRF), Dalian, China #	2022
	• FMA European Conference, Lyon, France #	2022
	• CSR, the Economy and Financial Markets, Tokyo, Japan #	2021
	• The 7 th Annual Volatility Institute Conference at NYU Shanghai, Shanghai, China #*	2021
	• The 16 th Annual Conference on Asia-Pacific Financial Markets (CAFM), Seoul, Korea #	2021
	• New Zealand Finance Meeting (NZFM), Auckland, New Zealand #	2021
	• The 34 th Australasian Finance and Banking Conference (AFBC), Sydney, Australia #	2021
	• World Finance and Banking Symposium (WFBS), Budapest, Hungary #	2021
	Discussions	
	• Mutual Fund Derivative Usage, Fire-sale Spillovers, and Corporate Bond Market Fragility, China Finance Review International (CFRI) and CIRF Joint Conference, <i>by Quan Qi</i>	2023
	• Predicting Individual Corporate Bond Returns, XJTU AI and Big Data in Accounting and Finance Conference, <i>by Xin He, Guanhao Feng, Junbo Wang, and Chunchi Wu</i>	2023
	• The Impact of Introducing a (Nearly) Redundant Security: Evidence from Malaysian Corporate Bonds, FMA annual meeting, <i>by Jean Helwege, Amanda Liu, and Frank Packer</i>	2022
	• A Structural Model of Liquidity in Over-the-Counter Markets, Financial Markets and Corporate Governance Conference, <i>by Jamie Coen and Patrick Coen</i>	2022
	• Instantaneous Volatility of the Yield Curve, Variance Risk Premium and Bond Return Predictability, The 4 th Xiamen University Finance Engineering & Quant Finance Workshop, <i>by Ximing Yin</i>	2022
	• Green Public Procurement and Corporate Environment and Policy: Spillover Effect, Shanghai-Edinburgh-London Green Finance Conference, <i>by Wendi Huang</i>	2022
	• Tax Avoidance as An Unintended Consequence of Environmental Regulation: Evidence from the EU ETS, Finance and Accounting Annual Research Symposium, <i>by Vincent Compagnie, Kristof Struyfs, and Wouter Torsin</i>	2022
	• Asset Growth Anomaly of Corporate Bonds: A Decomposition Analysis, China International Risk Forum, <i>by Fang Chen, Yifei Li, Wenfeng Wu, and Tong Yu</i>	2022

- The Impact of the HYG ETF on the Liquidity of the Markets for the Underlying High-Yield Bonds, FMA European Conference, *by John D. Finnerty and Natalia Reisel* 2022
- LTCM Redux? Hedge Fund Treasury Trading and Funding Fragility during the COVID-19 Crisis, Australasian Finance and Banking Conference, *by Mathias S. Kruttli, Phillip J. Monin, Lubomir Petrasek, and Sumudu W. Watugala* 2021
- Does a Financial Crisis Impair Corporate Innovation? World Finance and Banking Symposium, *by Masami Imai and Michiru Sawada* 2021

HONORS AND AWARDS

- Postgraduate Fellowship, The Chinese University of Hong Kong 2018 - 2023
- Outstanding Postgraduate, Nanjing University 2017
- 1st Prize Graduate Academic Scholarship, Nanjing University 2014
- Outstanding Graduate, Nanjing University 2014
- Outstanding Student, Nanjing University 2012 - 2013

OTHER INFORMATION

- Computer Skills: SAS, STATA, Python, R, LaTeX
- Databases: CRSP, Compustat, TRACE, Mergent FISD, eMAXX, NAIC, RavenPack, TAQ, Bloomberg, SEC Edgar, Seeking Alpha
- Languages: Chinese (Native); English (Fluent)
- CFA Level II Passed, FRM Level II Passed

REFERENCES

Jie (Jay) CAO

Professor of Finance

School of Accounting and Finance

The Hong Kong Polytechnic University

jie.cao@polyu.edu.hk, (+852) 2766-7099

Tarun CHORDIA

R. Howard Dobbs, Jr. Chaired Professor of Finance

Goizueta Business School

Emory University

Tarun.Chordia@emory.edu, +1 (404) 727-1620

Russell WERMERS

Paul J. Cinquegrana' 63 Endowed Chair in Finance

The Smith School of Business

University of Maryland at College Park

wermers@umd.edu, +1 (301) 405-0572

Xintong ZHAN

Li-Dasan Chair Professor of Finance

School of Management

Fudan University

xintongzhan@fudan.edu.cn, (+86) 21 2501-1205

Hua ZHANG

Professor of Finance

Department of Finance, CUHK Business School

The Chinese University of Hong Kong

hzhang@cuhk.edu.hk, (+852) 3943-7760

1. Do Bond Short Sellers React to Earnings Conference Calls?

This paper investigates the utilization of soft information in firms' earnings conference calls by short sellers in trading corporate bonds. The results indicate increases in short-sale activities for bonds issued by firms that have more negative earnings conference calls. This relation cannot be attributed to looser short-sale constraints, such as more lendable shares or lower lending fees. Instead, bond short sellers exhibit adeptness in processing the soft information in earnings conference calls, particularly the information related to default risks. Bonds of firms with more negative conference calls are more prone to downgrades and defaults, and exhibit lower returns in the future. Additionally, there is a significant spillover effect of the tone of earnings conference calls conducted by public firms on the shorting volumes of bonds issued by private industry peers.

2. Carbon Emissions, Mutual Fund Trading, and the Liquidity of Corporate Bonds

(with Jie Cao, Yi Li, Xintong Zhan, and Weiming Zhang)

– *Major revision at Management Science*

This paper investigates how climate-related risks affect the trading behavior of bond mutual funds and tests the underlying mechanisms. We find that mutual funds collectively sell corporate bonds issued by firms with high carbon emissions, driven by funds' concerns about carbon-related redemption risks, rather than by a permanent shift in funds' investing preferences. Higher carbon exposures in mutual fund portfolios lead to more investor outflows, and bonds tend to experience more intensive selling if their holding mutual funds have higher flow-to-carbon sensitivity. Bonds issued by high-carbon firms experience worse liquidity conditions, especially when concerns about carbon-related risks heighten.

3. Idiosyncratic Bond Volatility and Funding Liquidity

(with Jie Cao, and Tarun Chordia)

– *SAFE Asset Pricing Workshop 2023*

A positive cross-sectional relation between returns and lagged idiosyncratic volatility (IVOL) obtains in the corporate bond market because dealers are less willing to accept high IVOL bonds into inventory during low funding liquidity periods and the subsequent relaxation of this constraint causes an increase in prices. An exogenous shock to funding liquidity due to the Volcker rule (which limited the provision of liquidity by corporate bond dealers) drives the identification. Both, the time-series shock to the supply of funding liquidity and the cross-sectional variations in the demand for funding liquidity following the Volcker rule, impact the bond IVOL-return relation.

4. Do Insurers Listen to Earnings Conference Calls? Evidence from the Corporate Bond Market

(with Jie Cao, Gang Li, Russell Wermers, and Xintong Zhan)

– *AFA 2024, MIT Asia Accounting Conference 2023*

We find that insurance companies decrease their holdings of a bond if the tone of the bond issuer's earnings conference call is more negative. The net negative tone of conference calls significantly predicts the issuer's default risk, which is a central concern for insurance companies. By creating a novel default-related dictionary, we further confirm that insurance companies react to the tone related to default information in conference calls. Bonds issued by firms with more negative conference calls and largely held by insurance companies experience lower returns after the calls. The aggregate selling of insurance companies triggered by negative conference calls would spill over to private industry peers and lead to liquidity risk in the underlying corporate bond market.