

Xiaobo YU

PHD CANDIDATE IN FINANCE AT COLUMBIA BUSINESS SCHOOL

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Reference

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Education

Columbia Business School

PHD CANDIDATE IN FINANCE

New York, USA

Aug. 2018 - June 2024

Toulouse School of Economics

MASTER IN ECONOMIC THEORY AND ECONOMETRICS (PHD TRACK)

Toulouse, France

Sept. 2016 - June 2018

Fudan University

BACHELOR IN ECONOMICS

Shanghai, China

Sept. 2011 - Jul. 2016

Waseda University

EXCHANGE PROGRAM

Tokyo, Japan

Sept. 2014 - Jul. 2015

Fields of Interest

Corporate Finance, Bankruptcy, Contract Theory, Security Design, Financial Networks, Information

Research

A General Theory of Holdouts (2023)

Job Market Paper

XIAOBO YU

This paper presents a unified framework for analyzing the holdout problem, a pervasive economic phenomenon where value creation is hindered by the incentive to free-ride on other agents' participation. My framework nests many specific applications examined in the literature, such as takeover and debt restructuring, and demonstrates that the problem can be resolved through contingent contracts, provided that the principal is committed. I then add limited commitment by requiring the exchange offers to be credible, i.e., renegotiation-proof in case of agent deviation. I show that adding limited commitment can substantially alter the outcome depending on the payoff sensitivities of the existing contracts, which explains the absence of the unanimity rule despite its efficacy and cross-sectional heterogeneity in contractual tools. (E.g., senior debt used in debt restructuring but not in takeovers.) Furthermore, I investigate the impact of commitment and reveal that a small increase in commitment could backfire, exacerbating the holdout problem. This reconciles contradictory empirical evidence on the use of Collective Action Clauses in the sovereign debt market and sheds light on various policies. Lastly, the paper shows higher investor protection could facilitate instead of hinder restructuring under limited commitment.

Presented at **Finance Theory Group Summer School 2023, Financial Colloquium in the Economics Department, Columbia University, 19th Annual Olin Finance Conference at WashU (Poster Session with Award)**

Systemic Risk in Financial Networks Revisited: The Role of Maturity (2023)

R&R at the Journal of Finance

WITH JASON DONALDSON AND GIORGIA PIACENTINO

We develop a model of interbank networks in which banks experience state-contingent liquidity shocks. We show that networks of long-term debt facilitate the efficient transfer of liquidity: They allow shocked banks to raise liquidity using interbank assets as collateral for new debt, diluting interbank liabilities. Networks of long-term debt thus have strikingly different properties from those of short-term, which cannot be diluted; e.g., high indebtedness and connectedness can be sources of stability, not fragility. Networks in a specific class, which we call the “exponential networks,” implement optimal contingent transfers despite consisting of plain (non-contingent) debt—they are robust but never fragile.

Restructuring vs. Bankruptcy (2023)

R&R at the Journal of Finance

WITH JASON DONALDSON, ED. MORRISON AND GIORGIA PIACENTINO

We develop a model of a firm in financial distress. Distress can be mitigated by filing for bankruptcy, which is costly, or preempted by restructuring, which is impeded by a collective action problem. We find that bankruptcy and restructuring are complements, not substitutes: reducing bankruptcy costs facilitates restructuring, rather than crowding it out. And so does making bankruptcy more debtor-friendly, under a condition that seems likely to hold now in the U.S. The model gives new perspectives on current relief policies (e.g., DIP finance subsidies) and on long-standing legal debates (e.g., about APR violations).

Liquidity Insurance and Pledgeability (2023)

XIAOBO YU

I model the design of liquidity insurance when firms suffer a concurrent unverifiable quality shock. The contractual incompleteness limits the extent of liquidity insurance: A fully insured firm has incentives to continue inefficient projects as the cost is borne by the creditors. The optimal contract involves limited insurance and co-investment with internal cash. In contrast to the canonical theory that low-pledgeability firms rely more on liquidity insurance, I find that lack of pledgeability also prevents them from getting more liquidity insurance. This positive relationship between liquidity insurance and pledgeability uncovers another role of pledgeability and explains the seemingly paradoxical fact that smaller firms who need liquidity insurance the most, are less insured and get revoked the most. It also rationalizes the typical cash-related covenants in credit lines.

Presented at **20th Macro Finance Society Workshop, Finance Theory Group “Bridging Theory and Empirical Research in Finance” Conference, Transatlantic Doctoral Conference 2023**

Spatial Outward FDI: Evidence from China’s Multinational Firms (2023)

Review of International Economics

WITH YIQING XIE, ZHIHONG YU AND YU ZHOU

This paper studies the impacts of geographic positions and economic connections on how Chinese multinational firms evolve their global network by conducting outward direct investment (ODI), including both greenfield investment and cross-border mergers and acquisitions. We collect outward direct investment data of 3479 Chinese multinational firms from 2002 to 2013 whose investment destination covers more than 160 countries. We find two dominant geographic driving forces: a direct search effect and an indirect extension effect. That is, a firm tends to invest in the country that is closer to China; and a firm uses its existing ODI network to make further investments, radiating from the existing subsidiaries to their neighbors. Analogously, we also find two economic driving forces: a firm is more likely to invest in the country with more intense Chinese ODI transactions; and a firm takes advantage of its existing host countries’ ODI linkage to make further investment decisions. These findings are robust when we use other geographic and economic measures, and/or put more control variables.

This paper subsumes my undergrad thesis *Network Effect in China’s Cross-Border Merge and Acquisition (Yu, 2016)*, originally in Chinese.

Work in Progress

- Optimal Liquidity Intervention in Financial Networks
- Measurement of Markup under risk, with Laura Veldkamp
- Flight to Liquidity: How pledgeability affects debt issuance, with Lukas F. Fischer
- Structure of Core in Top Trading Cycle problem, with Dov Samet

Conferences/Seminars

Asterisk indicates presentation by a co-author; Dagger indicates invited workshop or attendance without a presentation.

Oct. 2023	19th Annual Olin Finance Conference at WashU PhD Poster Session	St. Louis, US
June 2023	FTG Summer School	Seattle, US
May. 2023	SFS Cavalcade North America	Austin, US
May. 2023	Transatlantic Doctoral Conference	London, UK
May. 2023	Financial Colloquium Economics Department, Columbia Univ.	New York, US
Apr. 2023	Columbia Business School PhD Seminar	New York, US
Jan. 2023	AEA Annual Meeting [†]	New Orleans, US
Dec. 2022	FTG Group Bridging Theory and Empirical Research in Finance PhD Poster Session	Chicago, US
Sept. 2022	The 20th Macro Finance Society Workshop PhD Poster Session	Athens, Greece
July 2022	NBER Summer Institute: Law and Economics *	Boston, US
May 2022	Columbia Business School PhD Seminar	New York, US
Dec. 2021	Columbia Business School PhD Seminar	Online
July 2021	Columbia Business School PhD Seminar	Online
June 2021	Western Finance Association Meeting [†]	Online
Sept. 2020	Search and Matching in Macro and Finance (SaMMF) Seminar *	Online
Sept. 2020	Finance Theory Group Seminar *	Online
Sept. 2020	Columbia Business School PhD Seminar	Online
July 2019	The 30th Jerusalem Advanced School in Economic Theory: Finance [†]	Jerusalem, Israel
June 2019	Financial Economics of Insurance [†]	Princeton, US

Paper Discussion

Asterisk indicates the presenting author.

May 2023	Transatlantic Doctoral Conference	London, UK
	Tiange Ye*, Lorenzo Bretscher, Lukas Schmid, <i>Passive Demand and Active Supply: Evidence from Maturity-mandated Corporate Bond Funds</i>	

Experience

May 2021 - Apr. 2022	Laura Veldkamp , Research Assistant	New York, US
Mar. 2019 - Jun. 2021	Giorgia Piacentino , Research Assistant	New York, US
June 2017 - Aug. 2017	Patrick Bolton & Neng Wang , Summer Research Assistant	New York, US
Dec. 2015 - Aug. 2016	Yiqing Xie & Yu Zhou , Research Assistant	Shanghai, China
Jan. 2023 - Apr. 2023	Frank Lichtenberg , TA for <i>Economics of Healthcare and Pharmaceuticals (MBA)</i>	New York, US
Sep. 2022 - Dec. 2022	Frank Lichtenberg , TA & Review Session Instructor for <i>Managerial Economics (EMBA)</i>	New York, US
Jan. 2022 - Apr. 2022	Giorgia Piacentino , TA for <i>Financial Intermediation (Ph.D.)</i>	New York, US
Sep. 2019 - Oct. 2019	Ethan Namvar & Charles Jones , TA & Review Instructor for <i>Corporate Finance (EMBA)</i>	New York, US
Jan. 2019 - May 2019	Anton Lines , TA for <i>Financial Markets (MBA)</i>	New York, US
Jan. 2016 - Apr. 2016	Yu Zhou , TA for <i>Industrial Organization (Undergrad)</i>	Shanghai, China
Jan. 2023 - Mar. 2023	MSFE 2023 Admission , Committee Member	New York, US
Jan. 2022 - Mar. 2022	MSFE 2022 Admission , Committee Member	New York, US
Jun. 2014 - Sep. 2014	Silicon Valley Bank Venture Capital , Summer Investment Analyst	Shanghai, China
Fed. 2014 - June 2016	Bain & Company , Part-Time Assistant	Shanghai, China
Dec. 2013 - Feb. 2014	Meritco Group , Consultant Intern	Shanghai, China
Nov. 2013 - Dec. 2013	MicroWorld Corp. , Consultant Intern	Shanghai, China

Extracurricular Activity

2011-2016 **Rye Drama Club**, Vice President *Shanghai, China*
2011-2012 **“Xieshou” Education Project**, Team Leader *Shanghai, China*
2011-2012 **“Set-sail” Academic Project (with Prof. Dehua Fu)**, Core Member *Shanghai, China*

Honors & Awards

2023 **19th Annual Olin Finance Conference 2023 PhD Poster Session Prize**, WUSTL *St. Louis, USA*
2022 **Selective Sixth-year Funding**, Columbia University *New York, USA*

2018 **Magnum Cum Laude**, Second Year Master, TSE *Toulouse, France*
2017 **Summa Cum Laude**, First Year Master, TSE *Toulouse, France*
2017 **Merit-based Tuition Waiver Recipients**, Second Year Master, TSE *Toulouse, France*

2016 **Scholarship**, Fudan University *Shanghai, China*
2016 **First Prize**, China-Taiwan Cross-strait Mock Startup Competition *Shanghai, China*

2015 **JASSO Scholarship**, Waseda University *Tokyo, Japan*
2015 **Dean’s List**, Waseda University *Tokyo, Japan*

2014 **Finalist**, Bain & Co. Cup Consulting Mock Case Competition *Shanghai, China*
2013 **Scholarship**, Fudan University *Shanghai, China*
2012 **Scholarship**, Fudan University *Shanghai, China*

Skills

Programming R, Python, LaTeX, Mathematica, Scheme/Lisp, Linux, SQL, C/C++, SAS
Languages Chinese (Native), English (Fluent), French and Japanese (Basic Knowledge)