HONG LIU
Fossett Distinguished Professor of Finance
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Washington University in St. Louis

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EDUCATION

University of Pennsylvania, Ph. D., 1998
University of Connecticut, M.A., 1994
Shanghai Jiao Tong University, M.S., 1990
University of Science and Technology of China, B.S., 1987

EXPERIENCE

Fossett Distinguished Professor of Finance, 2015-
Academic Director, Midwest Finance Association
Professor of Finance, Washington University in St. Louis, 2011-
Academic Director of the Master of Science in Finance program, 2008-
Associate Professor of Finance with tenure, Washington University in St. Louis, 2007-2011
Associate Professor of Finance without tenure, Washington University in St. Louis, 2004
Marcile and James Reid Chair**,** Washington University in St. Louis
Assistant Professor of Finance, Washington University in St. Louis, 1998-2003
Economist, State Planning Commission of P. R. China

PAST EDITORIAL POSITIONS

Associate Editor: Review of Finance, June, 2010-December, 2017
Associate Editor: Management Science, January, 2013-September, 2016

RESEARCH INTEREST

Optimal consumption and investment with market imperfections, Asset pricing, Microstructure

PUBLISHED OR FORTHCOMING PAPERS:

- Asset Pricing Implications of Short-sale Constraints in Imperfectly Competitive Markets (joint with Yajun Wang), ***Management Science,*** forthcoming**.**
- "Market Making with Asymmetric Information and Inventory Risk" (joint with Yajun Wang), ***Journal of Economic Theory*** 163, 2016,73-109.
- "Optimal Consumption and Investment with Asymmetric Long-term/Short-term Capital Gain Tax Rates" (joint with Min Dai, Chen Yang, Yifei Zhong), **2011 TCW Best Paper Award**, ***Review of Financial Studies*** 28, 2015, 2687-2721**.**

- "Solvency Constraint, Underdiversification, and Idiosyncratic Risks", ***Journal of Financial and Quantitative Analysis 49,*** 2014***,*** 409-430.
- "Market Closure, Portfolio Selection, and Liquidity Premia" (joint with Min Dai, Peifan Li, Yajun Wang), 2016, ***Management Science*** 62 (2), 368-386.
- "Market Crashes, Correlated Illiquidity, and Portfolio Choice" (with Mark Loewenstein), ***Management Science*** 59, 2013, 715-732.
- "Illiquidity, Position Limits, and Optimal Investment for Mutual Funds" (with Min Dai, Hanqing Jin), ***Journal of Economic Theory*** 146, 2011, 1598-1630
- "Verification Theorems and Solutions of Models of Optimal Consumption and Investment with Retirement and Constrained Borrowing" (with Philip H. Dybvig), ***Mathematics of Operations Research*** 36, 2011, 620-635***.***
- "Limited Participation and Consumption-Saving Puzzles: A Simple Explanation and the Role of Insurance" (with Todd Gormley and Guofu Zhou), ***Journal of Financial Economics*** 96, 2010, 331-344.
- "Life Time Consumption and Investment: Retirement and Constrained Borrowing" (with Philip H. Dybvig), lead article, ***Journal of Economic Theory*** 145, 2010, 885-907. **2010 TIAA-CREF Paul A. Samuelson Award Finalist.**
- "Liquidity Premia and Transaction Costs" (with Bong-Gyu Jang, Hyeng Keun Koo, and Mark Loewenstein), ***Journal of Finance*** 62***,*** 2007, 2329-2366.
- "Rational Inattention and Portfolio Selection" (with Lixin Huang), ***Journal of Finance*** 62, 2007, 1999-2040.
- "Equilibrium Forward Contracts on Non-storable Commodities in the Presence of Market Power" (with Lingxiu Dong), ***Operations Research*** 55, 2007, 128-145.
- "An Analysis of VaR-based Capital Requirements" (with Domenico Cuoco), ***Journal of Financial Intermediation*** 15, 2006, 362-394**.**
- "So What Orders Do Informed Traders Use?" (with Ron Kaniel), ***Journal of Business*** 49, 2006, 1867-1913. **First Prize, Geewax, Terker & Company Prizes in Investment Research, the Wharton School.**
- "Option Pricing with an Illiquid Underlying Asset Market" (with Jiongmin Yong), ***Journal of Economic Dynamics and Control*** 29, 2005, 2125-2156.
- "Optimal Consumption and Investment with Transaction Costs and Multiple Risky Assets," ***Journal of Finance*** 59, 2004, 289-338.
- "Optimal Portfolio Selection with Transaction Costs and Finite Horizons" (with Mark Loewenstein), ***Review of Financial Studies*** 15, 2002, 805-835.
- "Optimal Consumption of a Divisible Durable Good" (with Domenico Cuoco), ***Journal of Economic Dynamics and Control*** 24, 2000, 561-613.
- "A Martingale Characterization of Consumption Choices and Hedging Costs with Margin Requirements" (with Domenico Cuoco), ***Mathematical Finance*** 10, 2000, 355-385.

Total ISI citations: 366, Google: 1495 as of October, 2016

OTHER PUBLICATIONS

1. "Optimal Investment and Consumption with Fixed and Proportional Transaction Costs," *Recent Developments in Mathematical Finance*, 2002, Ed. Jiongmin Yong, World

Scientific, New Jersey.

2. "Contingent Claims in an Illiquid Market," (with J. Yong), 2002, *Recent Developments in Mathematical Finance*, Ed. Jiongmin Yong, World Scientific, New Jersey.

MEDIA COVERAGE

May 14, 2015, [CCTV-America](https://www.youtube.com/watch?v=Cm28FNGLP94), on the impact of raising tobacco tax rates in China, https://www.youtube.com/watch?v=Cm28FNGLP94

SELECTED WORKING PAPERS

(1) "Optimal Consumption and Investment with Capital Gain Tax and Multiple Risky Assets" (joint with Min Dai and Yifei Zhong), working paper, Washington University.
(2) "Inattention, Forced Exercise, and the Valuation of Executive Stock Options" (with Ohad Kadan, Jun Yang), working paper, Washington University.
(3) "Optimal Lifecycle Consumption and Investment with Long Term Disability Risk and Consumption Racheting" (joint with Yufeng Liu).
(4) "A Rational Explanation of Disposition Effect: Portfolio Rebalancing with Transaction Costs" (joint with Min Dai and Jing Xu)

TEACHING

MBA and BSBA courses: Options & Futures, Derivative Securities
Master of Science in Finance: Mathematical Finance, Advanced Derivative Securities
Ph.D. Course: Advanced Continuous-Time Finance
Average teaching evaluation since 1999: 9.48/10

HONORS and GRANT

- ***Management Science* Distinguished Service Award: 2013, 2014**
- **2013 TCFA Best Paper in Investment** ($1,500), "Over-the-Counter Markets: Market Making with Asymmetric Information, Inventory Risk and Imperfect Competition" (joint with Yajun Wang), working paper, Washington University. Accepted by 2010 Duke/UNC Asset Pricing Conference, 2010 CICF Program, and the 2011 AFA Program.
- **2011 TCW Best Paper Award** ($2,500), "Optimal Consumption and Investment with Differential Long-term/Short-term Capital Gain Tax Rates" (joint with Min Dai and Yifei Zhong).
- **Marcile and James Reid Teaching Award** for excellent teaching in the Master of Science in Finance Program, 2011, 2013, Olin Business School.
- **Marcile and James Reid Chair** for consistent excellence in teaching, 2004-2005, Olin Business School.
- The Boeing Center on Technology, Information and Manufacturing (BCTIM) Research Grant: Equilibrium Forward Contracts on Non-storable Commodities in the Presence of Market Power (with L. Dong), 2002.
- First Prize ($10,000), Geewax, Terker & Company Prize in Investment Research for 1998, awarded to "Are Transactions and Market Orders More Important than Limit

- Orders in the Quote Updating Process?" (joint with Ron Kaniel), 1998
- Lawrence Robbins Prize in Economics, 1995
- University of Pennsylvania Fellowship, 1994-1998

PROFESSIONAL ACTIVITIES

American Finance Association, Member
American Econometric Society, Member
Society of Financial Studies, Member
Western Finance Association, Member
Econometric Society, Member

Program Committee Member:

2006-2011 Journal of Financial Intermediation Conference
Director of the Derivative Security Track of 2008 Mid-West Finance Association Conference
2002 Review of Financial Studies "Conference on investments in imperfect capital markets"
2002 Western Finance Association Conference.

Refereed papers:

American Economic Review, *Econometrica, Journal of Banking and Finance, Journal of Economic Theory, Journal of Finance, Journal of Financial Economics, JFQA, Journal of Political Economy, Management Science, Review of Economic Studies, Review of Economics and Statistics, Review of Finance*, and *Review of Financial Studies* among many others.

Dissertation Committees:

Paskalis Glabadanidis (2002), Yufeng Han (2002), Jun Tu (2003). Anatoliy Belaygorod (2007), Rasim Burak Uras (2010), Kyu Ho Kang (2010), Yibo Zhang (2010), Yajun Wang (2011) (co-chair).

INVITED PRESENTATIONS

Duke University, 1998
Northwestern University, 1998
Carnegie Mellon University, 1998
Hong Kong University of Science and Technology, 1998
City University of New York, 1998
University of Mississippi, 1998
Washington University in St. Louis, 1998
WFA, 1998
WFA, 1999
University of Utah, 1999
Hong Kong University of Science and Technology, 2000
University of Science and Technology of China, 2000
Fudan University, 2000

University of Kentucky, 2000
Conference on 21st Century Greater China Economies, session chair, 2000
International Mathematical Finance Conference, 2001
WFA, 2001
MIT, 2001
International Finance Conference, 2002
University of Missouri at Columbia, 2002
Kansas & Missouri Finance Seminar, 2002
WFA, 2002
CIRANO Conference on Portfolio Selection, invited speaker, 2003
Midwest Finance Association Conference, paper presentation, 2003
Midwest Finance Association Conference, session chair, 2003
University of Michigan, 2003
Boston University, 2003
University of North Carolina at Chapel Hill, 2003
AFA, 2004
Dynamic Portfolio Choice Conference at London Business School, 2004
Duke University, 2004
AFA, 2005
China International Conference in Finance, 2005-2008
AFA, 2006
Hong Kong University of Science and Technology, 2006
University of Hong Kong, 2006
WFA, 2007
Yale University, 2007
AFA, 2008
ASAP Conference, 2008
Rutgers University, 2008
University of Texas at Dallas, 2008
University of Michigan Conference, 2008
WFA, 2008
Singapore Management University, 2008
Ajou University, 2008
KAIST, 2008
FIRS conference, 2008
AFA, 2009
CICF, 2009
Stockholm School of Economics, 2009
Oxford University, 2009
Northern Illinois University, 2009
UCLA, 2009
UC San Diego, 2009
Duke/UNC 2010 Asset Pricing Conference, 2010
UIUC, 2010
CICF, 2010
Michigan State University, 2010

Tilburg University, 2010
Erasmus University of Rotterdam, 2010
Luxemburg School of Finance, 2010
AFA, 2011
CICF, 2011
Ajou Mathematical Finance Workshop, 2012
CICF, 2012
CKGSB, 2012
University of Illinois at Chicago
University of Maryland
2013 AFA
2013 CICF
2013 Quantitative Finance Conference
Copenhagen Business School
University of Southern Denmark
INSEAD
University of North Carolina, Charlotte

References

Guofu Zhou
Frederick Bierman and James E. Spears Professor of Finance
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