Zhaodong (Ken) Zhong

Associate Professor of Finance

Department of Finance and Economics, Rutgers Business School, Rutgers University

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EDUCATION

The Pennsylvania State University, Ph.D. in Finance, August 2008

Vanderbilt University, M.A. in Economics, 2004

Fudan University, B.A. in Finance, 1998

ACADEMIC POSITIONS

Associate Professor of Finance (with tenure), Rutgers Business School, Rutgers University, 2016-Present

Finance Ph.D. Program Coordinator, Rutgers Business School, Rutgers University, 2019-2021

Assistant Professor of Finance, Rutgers Business School, Rutgers University, 2008-2016

RESEARCH INTERESTS

Derivatives, Credit Risk, Central Clearing, Market Microstructure, Liquidity, Hedge Funds

PUBLICATIONS (REFEREED)

1. "Trading Behavior of Retail Investors in Derivatives Markets: Evidence from Mini Options," with Yubin Li and Chen Zhao, ***Journal of Banking and Finance***, Forthcoming.

2. "Does the FOMC Cycle Affect Credit Risk", with Difang Huang, Yubin Li, and Xinjie Wang, ***Financial Management***, Forthcoming.

3. "Dealer Inventory, Pricing, and Liquidity in the OTC Derivatives Markets: Evidence from Index CDSs," with Xinjie Wang, ***Journal of Financial Markets***, Forthcoming.

4. "Funding Liquidity Shocks in a Quasi-Natural Experiment: Evidence from the CDS Big Bang," with Xinjie Wang, Yangru Wu, and Hongjun Yan, ***Journal of Financial Economics***, 139(2), 545–560 (2021).

5. "Assessing Models of Individual Equity Option Prices," with Gurdip Bakshi and Charles Cao, ***Review of Quantitative Finance and Accounting***, 57 (1), 1–28 (2021)

6. "The Co-Movements of Stock, Bond, and CDS Illiquidity Before, During and After the Global Financial Crisis," with Xinjie Wang and Yangru Wu, ***Journal of Financial Research***, 43(4), 965–998 (2020).

7. "Biases in CDS Spreads after the CDS Big Bang," with Xinjie Wang and Hongjun Yan, ***Journal of Fixed Income***, 30(1), 71–80 (2020).

8. "Are College Education and Job Experience Complements or Substitutes? Evidence from Hedge Fund Portfolio Performance," with Byoung Uk Kang, Jin-Mo Kim, and Oded Palmon, ***Review of***

Quantitative Finance and Accounting, 54, 1247–1278 (2020).

9. “Price Discrimination against Retail Investors: Evidence from Mini Options,” with Yubin Li and Chen Zhao, ***Journal of Banking and Finance***, 106, 50–64 (2019).

10. “Economic Policy Uncertainty, CDS Spreads, and CDS Liquidity Provision,” with Xinjie Wang and Weike Xu, ***Journal of Futures Markets***, 39(4), 461–480 (2019).

11. “The Roles of Institutional Investors in the Failure of Newly Public Stocks” with Hong Qian and Santhosh Ramalingegowda, ***Journal of Financial Research***, 42(4), 757-788 (2019).

12. “Do Hedge Funds Possess Private Information in IPO Stocks? Evidence from Post-IPO Holdings,” with Hong Qian, ***Review of Asset Pricing Studies***, 8(1), 117-152 (2018).

13. “Does Dodd-Frank Affect OTC Transaction Costs and Liquidity? Evidence from Real-Time CDS Trade Reports,” with Y.C. Loon, ***Journal of Financial Economics***, 119 (3), 645–672 (2016).

14. “Migrate or Not? The Effects of Regulation SHO on Options Trading Activities,” with Yubin Li and Chen Zhao, ***Review of Derivatives Research***, 19 (2), 113–146 (2016).

15. “The Impact of Central Clearing on Counterparty Risk, Liquidity, and Trading: Evidence from the Credit Default Swap Market,” with Y.C. Loon, ***Journal of Financial Economics***, 112 (1), 91–115 (2014).

16. “Investing in Chapter 11 Stocks: Trading, Value, and Performance,” with Yuanzhi (Lily) Li, ***Journal of Financial Markets***, 16 (1), 33–60, (2013).

17. “Time Variation in Diversification Benefits of Commodity, REITs, and TIPS,” with Jing-zhi Huang, ***Journal of Real Estate Finance and Economics***, 46 (1), 152–192, (2013).

18. “Seasoned Equity Issuers’ R&D Investments: Signaling or Over-Optimism,” with Hong Qian and Ke Zhong, ***Journal of Financial Research***, 35 (4), 553–580, (2012).

19. “Pricing Credit Default Swaps with Option-Implied Volatility,” with Charles Cao and Fan Yu, ***Financial Analysts Journal***, 67(4), 67–76 (2011).

20. “The Information Content of Option-Implied Volatility for Credit Default Swap Valuation,” with Charles Cao and Fan Yu, ***Journal of Financial Markets***, 13(3), 321–343 (2010).

BOOK CHAPTERS AND OTHER PUBLICATIONS

21. “Alternative Methods for Determining Option Bounds: A Review and Comparison,” with Hongwei Chuang, C.F. Lee, and Tzu Tai, in ***Handbook of Financial Econometrics, Mathematics, Statistics, and Machine Learning***, World Scientific, Chapter 24, 917-945 (2020).

22. “Strengthening the Over-the-Counter Derivatives Market: Central Clearing Helps,” with Y.C. Loon, ***Harvard Economics Review***, 8 (1), 10–14 (2015).

23. “Does Dodd-Frank Affect OTC Transaction Costs and Liquidity?” with Y.C. Loon, ***Harvard Law School Forum on Corporate Governance and Financial Regulation***, July 17, 2016

WORKING PAPERS

- “Monetary Policy Surprises and Corporate Credit Spreads” with Difang Huang, and Xinjie Wang, 2021.

- “Temporal Effects in Index CDS Trading and Liquidity”, with Weike Xu and Xinjie Wang, 2021.
- “Does Well-behaved Firm Attract more Market Makers? Evidence from the CDS Market”, with Yubin Li and Xinjie Wang, 2021
- “Post-Crisis Regulations, Market Making, and Liquidity in Over-the-Counter Markets,” with Xinjie Wang, 2020, R&R.
- “Public News and Market Liquidity: Evidence from the CDS Market,” with Wei-Fong Pan, Xinjie Wang, Shanxiang Yang, and Jinfan Zhang, 2020.
- “Credit Default Swaps and Analyst Optimism,” with Suresh Govindaraj, with Yubin Li, and Chen Zhao, 2020, R&R.
- “Corporate Social Responsibility and the Term Structure of CDS spreads,” with Feng Gao, Yubin Li, and Xinjie Wang, 2020. R&R.
- “Combining Complementary Information in Option Price and Volume for Predicting Stock Returns,” with Jian Chen, Yangshu Liu, and Chunchi Wu, 2017.
- “Why Does Hedge Fund Alpha Decrease over Time? Evidence from Individual Hedge Funds,” 2012.

WORK-IN-PROGRESS

- “Educational Network and Hedge Fund Portfolio Allocation,” with Jin-Mo Kim and Oded Palmon.

CONFERENCE PRESENTATIONS AND INVITED SEMINARS (*by coauthor)

- “Monetary Policy Surprises and Corporate Credit Spreads”
  - Financial Management Association (FMA) Annual Meeting (2021, scheduled)
  - China International Risk Forum (2021)*
- “Temporal Effects in Index CDS Trading and Liquidity”
  - Financial Management Association (FMA) Annual Meeting (2021, scheduled)
  - China International Risk Forum (2021)*
  - International Conference on Derivatives and Capital Markets (2020)*
  - Greater China Area Finance Conference (2020)*
- “Does Well-behaved Firm Attract more Market Makers? Evidence from the CDS Market”,
  - China International Risk Forum (2021)*
- “Does the FOMC Cycle Affect Credit Risk”,
  - China International Risk Forum & China Finance Review International Joint Conference (2020)*
- “Dealer Inventory, Pricing, and Liquidity in the OTC Derivatives Markets: Evidence from Index CDSs”
  - Financial Management Association (FMA) Annual Meeting (2020)
- “Public News and Market Liquidity: Evidence from the CDS Market”
  - American Accounting Association (AAA) Annual Meetings(2020)*
  - 8th International Conference on Futures and Other Derivatives (2019)*
- “Corporate Social Responsibility and the Term Structure of CDS spreads”
  - 28th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management (2021),

- Financial Management Association (FMA) Annual Meeting (2019)

- "Post-Crisis Regulations, Market Making, and Liquidity in Over-the-Counter Markets"
  - Financial Management Association (FMA) Annual Meeting (2019)
  - China International Conference in Finance (2019)*
  - The Fourth PKU-NUS Annual International Conference on Quantitative Finance and Economics (2019)*
  - Sixth Asian Quantitative Finance Conference (2018)*
- "The Co-Movements of Stock, Bond, and CDS Illiquidity Before, During and After the Global Financial Crisis"
  - Fourth PKU-NUS Annual International Conference on Quantitative Finance and Economics (2019)*,
  - Australasian Finance and Banking Conference (2016)*
- "Economic Policy Uncertainty, CDS Spreads, and CDS Liquidity Provision"
  - Financial Management Association (FMA) Asia Pacific Conference (2018)*
  - Southern Finance Association Annual Meetings (2017)*
- "Funding Liquidity Shocks in a Quasi-Natural Experiment: Evidence from the CDS Big Bang"
  - Hong Kong Polytechnic University (2018)
  - American Finance Association (AFA) Annual Meeting (2018)*
  - European Winter Finance Conference (EWFC) (2017)
  - Shanghai Advanced Institute of Finance (SAIF) CDS Workshop (2016)
  - Australasian Finance and Banking Conference (2016)*
  - Financial Management Association (FMA) Annual Meeting (2016)*
  - Triple Crown Conference (2016), CEPR European Summer Symposium in Financial Markets (ESSFM) (2016)*
  - China International Conference in Finance (2016)*
- "Credit Default Swaps and Analyst Optimism"
  - The 26th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management (2018)
  - Journal of Accounting, Auditing and Finance Conference (2018)*
  - European Financial Management Annual Meeting (2017)*
- "Price Discrimination against Retail Investors: Evidence from Mini Options"
  - Rutgers University (2017)
  - Financial Management Association (FMA) European Conference (2017)*
  - Journal of Accounting, Auditing and Finance Conference (2017)*
  - Financial Management Association (FMA) Annual Meeting (2016)
  - Financial Management Association (FMA) Asia/Pacific Meeting (2016)*
  - 26th Annual Conference on Financial Economics and Accounting (2015)
  - FRCFM Conference at UNLV (2015)*
- "Combining Complementary Information in Option Price and Volume for Predicting Stock Returns"
  - European Financial Management Symposium (2017)*
- "Do Hedge Funds Possess Private Information in IPO Stocks? Evidence from Post-IPO Holdings"
  - Southern University of Science and Technology (2016)

  - Financial Management Association (FMA) Annual Meeting (2015)*
  - Rutgers University (2015)
  - China International Conference in Finance (2015)
  - Lehigh University (2012)*
- "Are College Education and Job Experience Complements or Substitutes? Evidence from Hedge Fund Portfolio Performance"
  - Financial Management Association (FMA) Annual Meeting (2016)*
  - Australasian Finance and Banking Conference, (2015)*
  - The 2014 Jerusalem Finance Conference (2014)*
  - Rutgers University (2014)*
- "Migrate or Not? The Effects of Regulation SHO on Options Trading Activities"
  - Auckland Finance Meeting (2015)*
  - The 23th Conference on the Theories and Practices of Securities and Financial Markets (2015)*
- "Does Dodd-Frank Affect OTC Transaction Costs and Liquidity? Evidence from Real-Time CDS Trade Reports"
  - U.S. Securities and Exchange Commission (2014)*
  - Office of Financial Research (2014)*
- "Assessing Models of Individual Equity Option Prices"
  - China International Conference in Finance (2014)
  - Financial Management Association (FMA) Annual Meeting (2011)
- "The Impact of Central Clearing on Counterparty Risk, Liquidity, and Trading: Evidence from the Credit Default Swap Market"
  - Financial Intermediation Research Society (FIRS) Conference (2013)*
  - Midwest Finance Association Annual Meeting (2013)*
- "Option Bounds: A Review and Comparison"
  - Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management (2012)
- "Investing in Chapter 11 Stocks: Trading, Value, and Performance"
  - China International Conference in Finance (2011)*
  - Temple University (2010)*
  - Financial Management Association (FMA) Annual Meeting (2009)
  - European Finance Association (EFA) Annual Meeting (2009)
- "Seasoned Equity Issuers' R&D Investments: Signaling or Over-Optimism"
  - Financial Management Association (FMA) Annual Meeting (2009)*
  - American Accounting Association (AAA) Annual Meeting of the Western Region (2009)*
  - Eastern Finance Association Annual Meeting (2009)*
- "The Information Content of Option-Implied Volatility for Credit Default Swap Valuation"
  - Conference on Financial Economics and Accounting (2009)*
  - China International Conference in Finance (2009)
  - Rutgers University (2008)*
  - The 15th Mitsui Life Symposium at the University of Michigan (2008)*
  - Fitch Ratings (2007)
  - Top-Ten Percent Sessions of Financial Management Association (FMA) Annual Meeting (2007)

  - American Economic Association (AEA) Annual Meeting (2007)*
  - BGI (2007)*
  - Santa Clara University (2007)*
  - SUNY-Buffalo (2007)*
  - UT-Dallas (2007)*
  - University of Houston (2007)*
  - Michigan State University (2007)*
  - The HKUST Finance Symposium (2006)*
  - FDIC Derivatives Securities and Risk Management Conference (2006)*
  - McGill/IFM^2 Risk Management Conference (2006)*
  - Center for Financial Research Workshop, FDIC (2006)*
  - UC-Irvine (2006)*
  - HEC Montreal (2006)*
  - Penn State University (2005)
- "Why Does Hedge Fund Alpha Decrease over Time? Evidence from Individual Hedge Funds"
  - Western Finance Association (WFA) Annual Meeting (2008)
  - Rutgers University (2008)
  - University of Arizona (2008)
  - SUNY-Binghamton (2008)
  - University of New Orleans (2008)
  - Wichita State University (2008)
  - University of Kansas (2007)
  - West Virginia University (2007)
  - Penn State University (2007)
- "Time Variation in Diversification Benefits of Commodity, REITs, and TIPS"
  - Financial Management Association (FMA) Annual Meeting (2006)
  - China International Conference in Finance (2006)*
  - Journal of Banking and Finance 30th Anniversary Conference (2006)*

AWARDS AND HONORS

- Semi-Finalist for Best Paper Award, Financial Management Association (FMA) Annual Meeting, 2019
- Research Resources Committee Award, Rutgers Business School, 2011, 2012, 2013
- Junior Faculty Teaching Excellence Award (One Per School), Rutgers Business School, 2010
- NYSE Euronext Ph.D. Candidate Award, Western Finance Association, 2008
- Doctoral Dissertation Award, Smeal College of Business, Penn State University, 2006, 2007
- Fellow and Research Grant Recipient of FDIC Center for Financial Research ($10,000), 2006
- Student Travel Grant, American Finance Association, 2006
- Jeanne & Charles Rider Fellowship, Penn State University, 2005, 2006
- Kenneth J. Carey Scholarship, Penn State University, 2005
- Honeywell Fellowship, Penn State University, 2004

TEACHING EXPERIENCE

- Rutgers University
  - *Ph.D. Seminar: Options in Finance*, Fall 2017, Spring 2021
  - *Derivatives* (MBA), Fall 2017
  - *Options* (MBA), Fall 2015, Fall 2014, Fall 2013, Fall 2012, Fall 2011, Fall 2010
  - *Derivatives* (undergraduate), Fall 2020, Spring 2020, Spring, 2019, Spring, 2018, Fall 2017, Spring 2017, Fall 2016
  - *Futures and Options* (undergraduate), Spring 2016, Fall 2015, Spring 2015, Fall, 2014, Spring 2014, Fall 2013, Spring 2013, Fall 2012, Fall 2011, Spring 2011, Fall 2010, Spring 2010, Fall 2009, Spring 2008, Fall 2008
- Penn State University
  - *Financial Markets & Institutions* (undergraduate), Spring 2008, Spring 2007, Summer 2006

PHD STUDENTS

- Xingyi Hu, Rutgers University, In Progress
- Ruixing Yang, Rutgers University, In Progress
- Peixuan Yuan, Rutgers University, 2021
- Hao Chang, Rutgers University, 2020
- Yaqing Xiao, Rutgers University, 2018
- Freddy Rojas, Rutgers University, 2018
- Xinjie Wang, Rutgers University, 2016
- Tzu Tai, Rutgers University, 2014

PROFESSIONAL SERVICES

- Ad hoc Reviewer
  - Applied Stochastic Models in Business and Industry
  - Economics Bulletin
  - European Journal of Finance (3 times)
  - Financial Review (3 times)
  - Hong Kong Research Grants Council (3 times)
  - International Review of Financial Analysis
  - Journal of Accounting, Auditing & Finance
  - Journal of Banking and Finance (6 times)
  - Journal of Credit Risk
  - Journal of Economic Dynamics and Control
  - Journal of Empirical Finance
  - Journal of Finance and Data Science
  - Journal of Financial and Quantitative Analysis (2 times)
  - Journal of Financial Markets (2 times)
  - Journal of Financial Stability (2 times)
  - Journal of Futures Markets (4 times)

- Journal of International Money and Finance
- Journal of Money, Credit, and Banking (5 times)
- Journal of Regulatory Economics (2 times)
- Journal of Risk
- Management Science
- Pacific-Basin Finance Journal (2 times)
- Quarterly Journal of Finance
- Review of Derivatives Research (2 times)
- Review of Finance (2 times)
- Review of Pacific Basin Financial Markets and Policies (7 times)
- Review of Quantitative Finance and Accounting (26 times)

- Conference Program Committee
  - The 29th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management, September 2021
  - The 28th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management, January 2021
  - Financial Management Association Annual Meeting, 2020
  - Triple Crown Conference, Rutgers University, 2010

- Conference Program Reviewer
  - Conference on Financial Economics and Accounting (2015, 2009)

- Conference Discussant (and/or Session Chair)
  - The 29th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management, 2021 (Session Chair, scheduled)
  - Financial Management Association (FMA) Annual Meeting, 2019 (Session Chair)
  - The 26th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management, 2018 (Session Chair)
  - Hong Kong–Shenzhen Greater Bay Area Finance Conference, 2018
  - Financial Intermediation Research Society (FIRS) Conference, 2017
  - China International Conference in Finance, 2017 (discussed two papers)
  - 5th Fixed Income and Financial Institutions Conference (FIFI), 2017
  - Shanghai Advanced Institute of Finance (SAIF) CDS Workshop, 2016
  - China International Conference in Finance, 2016
  - China International Conference in Finance, 2015
  - Triple Crown Conference, Fordham University, 2015
  - China International Conference in Finance, 2014
  - Triple Crown Conference, Baruch College, 2014
  - Financial Management Association (FMA) Annual Meeting, 2011
  - Conference on Financial Economics and Accounting, 2010
  - China International Conference in Finance, 2009 (Discussant and Session Chair)
  - Financial Management Association (FMA) Annual Meeting, 2006

– China International Conference in Finance, 2005
– Financial Management Association (FMA) Annual Meeting, 2005

- Service at Rutgers Business School
  – Nominating Committee (2017-2021)
  – Rules of Procedure Committee (2017-2021)
  – Committee of Review (2018)
  – Finance Ph.D. Program Coordinator (2019-2021)
  – Finance Ph.D. Program Committee (2017-2019)
  – Technology Policy Committee (2016-2019)
  – Coordinator of the Finance & Economics Department Seminar Series (2016-2017)
  – Finance & Economics Department Faculty Recruiting Committee (2016-2017)
  – Task Force for Tenure-track Teaching Loads at Rutgers Business School (2014)
  – Finance & Economics Department Faculty Recruiting Committee (2013-2014)
  – Committee to Evaluate Teaching Awards for Rutgers Business School (2013)
  – MQF Recruiting Committee (2013)
  – Technology Policy Committee (2011-2013)
  – Undergraduate Program–New Brunswick Academic Standing Committee (2011-2013)
  – Co-organizer of the Finance & Economics Department Seminar Series (2011-2012)
  – Undergraduate Program–New Brunswick Scholastic Standing Committee (2010-2011)

MEDIA CITATIONS

- "Investing in Chapter 11 Stocks: Trading, Value, and Performance"
  – "Bankrupt Airline Proves to be a Winning Lottery Ticket," *St. Louis Post-Dispatch & Stltoday.com*, March 1, 2013
  – "Trading in Shares of Bankrupt Companies," *CBS MoneyWatch*, Feb 11, 2013
- "The Information Content of Option-Implied Volatility for Credit Default Swap Valuation"
  – "Ten Innovative Ideas in Money Management," *Financial Week*, June 4, 2008
  – "Cutting Edge Academics: The Smart Money," *Pensions & Investments*, May 12, 2008
- "Why Does Hedge Fund Alpha Decrease over Time? Evidence from Individual Hedge Funds"
  – "Prof Pops HF Bubble Theory," *Euromoney Institutional Investor Online*, April 2, 2008
  – "Capacity Constraint Rather Than Hedge Fund Bubble," *Seeking Alpha*, April 1, 2008
  – "The Death of the Hedge Fund Alpha?" *Portfolio.com*, April 1, 2008
  – "New Study: No Hedge Fund Bubble…But a Potentially Serious Capacity Constraint," *AllAboutAlpha.com*, March 30, 2008
  – "The Reasons Behind Declines in Hedge Fund Alpha," *Research Recap*, March 28, 2008
  – "Why Hedge Fund Returns Shrink Over Time," *Seeking Alpha*, March 25, 2008
- "Time Variation in Diversification Benefits of Commodity, REITs, and TIPS"
  – "From The Research Desk," *Real Estate Portfolio*, November/December 2007