

The 10th Asian Quantitative Finance Seminar: Call for Papers

The 10th Asian Quantitative Finance Seminar (10th AQFS) is scheduled on 26th June 2021 (Saturday) from 9:30 am to 12:00 pm (Hong Kong Time Zone, GMT +8). It will be hosted by the Department of Industrial Engineering & Decision Analytics, Hong Kong University of Science and Technology. The seminar will include an invited talk and 2 or 3 contributed talks, each of which consists of 20 minutes presentation (by the speaker) plus 10 minutes discussion (by the discussant). The seminar is calling for the submission of papers for the contributed talks.

Submission Requirement

If you are interested in contributing a talk for the seminar series, please email weijiang@ust.hk with the following format:

- (1) subject line "The 10th AQF Seminar"
- (2) the title page containing the authors' details
- (3) a blinded manuscript with no author details as another separate file.

All submissions will be reviewed by the scientific committee of the seminar series. Only unpublished, complete manuscripts will be considered. The deadline for submission is 16th June, 11:59 pm (Hong Kong Time Zone, GMT +8).

Invited Talk: "Optimal Time-Consistent Debt Policies" by Prof. Andrey Malenko.

Abstract: We study time-consistent debt policies in a trade-off model of debt in which the firm can freely issue new debt and repurchase existing debt. A debt policy is time-consistent if in any state equityholders prefer to follow it rather than to deviate from it but lose credibility in sustaining debt discipline in the future. In a class of policies, the optimal time-consistent debt policy consists of an interest coverage ratio (ICR) target and two regions for the ICR: the stable and the distress regions. In the stable region, the firm actively manages liabilities to the ICR target by issuing/repurchasing debt. A sufficiently large negative shock to cash flows pushes the firm into the distress region, where it abandons the target and waits until either cash flows recover or further negative shocks trigger bankruptcy. Credit spreads are sensitive to cash flow shocks in the distress region but not in the stable region. The optimal policy captures realistic features of debt dynamics, such as active debt management in both directions, interior optimal debt maturity, and dynamics of "fallen angels."

Speaker: Prof. Andrey Malenko is an Associate Professor of Finance at the University of Michigan's Ross School of Business. His research is in the area of corporate investment and financing, corporate governance, mergers and acquisitions, as well as auction theory and economics of information. His work has been published in leading academic journals, such as

American Economic Review, Review of Economic Studies, Journal of Finance, Journal of Financial Economics, and Review of Financial Studies. He is the recipient of the 2020 Brattle Prize for a distinguished paper in corporate finance in the Journal of Finance. He is a Research Fellow of Centre for Economic Policy and Research, and an Associate Editor at the Journal of Finance, Management Science, Review of Finance, and Review of Corporate Financial Studies. Before joining Michigan Ross, he was on the faculty of MIT Sloan School Management and Boston College's Carroll School of Management. Professor Malenko received a Ph.D. in Finance in 2011 from Stanford Graduate School of Business, and Master and Bachelor's degrees from New Economic School and NRU – Higher School of Economics in Moscow, Russia. He currently teaches MBA and Ph.D. courses in Corporate Financial Policy and Finance Theory.

Scientific Committee

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