

FRANCIS A. LONGSTAFF

Mailing Address:

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Allstate Professor of Insurance and Finance
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University

Ph.D. in Finance, University of Chicago, 1987

Education:

Bachelor of Arts, Accounting, University of Utah, 1982 (First in Class)
Master of Business Administration, University of Utah, 1980 (First in Class)
Bachelor of Arts, Finance, University of Utah, 1979 (Magna Cum Laude)

Professional Designations:

Chartered Financial Analyst (CFA)
Certified Public Accountant (CPA)

Awards and Honors:

1990, Chicago Board of Trade Award for Outstanding Research
1991, Research Excellence Award, Pacific-Basin Capital Markets Conference
1992, The Pace Setters Research Award, College of Business, The Ohio State University
1994, Milken Foundation Research Grant
2002, Earl F. Cheit Outstanding Teaching Award, Walter A. Haas School, University of California at Berkeley
2005, Barclays Global Investors/Michael Brennan Award for the best paper in the *Review of Financial Studies*
2006, Referee of the Year, *Review of Financial Studies*
2007, Earl F. Cheit Outstanding Teaching Award, Walter A. Haas School, University of California at Berkeley
2008, Graham and Dodd Award, *Financial Analysts Journal*
2011, Elected President of the Western Finance Association
2012, First Prize, Fama/DFA Prize for Capital Markets and Asset Pricing, *Journal of Financial Economics*
2014, UCLA Anderson MFE Program, Teaching Excellence Award
2014, Honorable Mention, AQR Insight Award

2015, Amundi Smith Breeden Distinguished Paper Prize,
Journal of Finance
2015, JFQA William F. Sharpe Best Paper Award
Journal of Financial and Quantitative Analysis
2016, Honorable Mention, AQR Insight Award
2018, Honorable Mention, AQR Insight Award
2019, IAQF Northfield Financial Engineer of the Year

Academic
Appointments: UCLA/Anderson School of Management
2013–2018, Senior Associate Dean and Director of the Doctoral Program
2004–Present, Allstate Professor of Insurance and Finance
1996–2004, Professor
1993–1996, Associate Professor

Walter A. Haas School, University of California at Berkeley
2001–2009, 2016, 2019, Visiting Professor of Finance,
Master of Financial Engineering Program

College of Business, The Ohio State University
1991–1993, Associate Professor
1987–1991, Assistant Professor

Industry
Experience: 1978–1979, American Equity Corporation, Mortgage Escrow Officer,
Mortgage Lending Officer
1980–1981, JPS Financial Consultants, Financial Consulting and
Litigation Support
1981–1983, Deloitte Haskins and Sells, Senior Consultant, Management
Advisory Services
1984–1987, Chicago Board of Trade, Research Economist
1988–1994, Consultant, First Boston, Union Bank of Switzerland,
Chicago Research and Trading, etc.
1995–1998, Salomon Brothers Inc., Head of Fixed Income
Derivative Research, New York
1998–2008, Simplex Asset Management, Investment Committee
of Hedge Fund, and Chief Investment Officer of Fund of Funds
1998–Present, Simplex Holdings, Consultant
2000–2016, Pacific Investment Management Company (PIMCO),
Consultant, Training, Sabbatical from UCLA (Fall, 2007)
2008–2010, Barclays Global Investors, Consultant
2010–2015, Blackrock Inc., Consultant

**Research
Publications:**

1. Pricing Options on Agricultural Futures: An Application of the Constant Elasticity of Variance Option Pricing Model (with J. Choi), *Journal of Futures Markets* 5 (Summer), 247-258, 1985.
2. A Nonlinear General Equilibrium Model of the Term Structure of Interest Rates, *Journal of Financial Economics* 23, 195-224, 1989.
3. Temporal Aggregation and the Continuous-Time Capital Asset Pricing Model, *Journal of Finance* 44, 871-887, 1989.
4. Pricing Options with Extendible Maturities: Analysis and Applications, *Journal of Finance* 45, 935-957, 1990.
5. Time Varying Term Premia and Traditional Hypotheses About the Term Structure, *Journal of Finance* 45, 1307-1314, 1990.
6. The Valuation of Options on Yields, *Journal of Financial Economics* 26, 97-121, 1990.
7. General Equilibrium Stock Index Futures Prices: Theory and Empirical Evidence, (with M. Hemler), *Journal of Financial and Quantitative Analysis* 26, 287-308, 1991.
8. An Empirical Comparison of Alternative Models of the Short-Term Interest Rate, (with K.C. Chan, A. Karolyi, and A. Sanders), *Journal of Finance* 47, 1209-1227, 1992.
9. Dual Trading in Futures Markets (with M. Fishman), *Journal of Finance* 47, 643-671, 1992.
10. Multiple Equilibria and Term Structure Models, *Journal of Financial Economics* 32, 333-344, 1992.
11. Are Negative Option Prices Possible? The Callable U.S. Treasury-Bond Puzzle, *Journal of Business* 65, 571-592, 1992.
12. Interest Rate Volatility and the Term Structure: A Two-Factor General Equilibrium Model (with E.S. Schwartz), *Journal of Finance* 47, 1259-1282, 1992.
13. A Two-Factor Interest-Rate Model and Contingent Claims Valuation (with E.S. Schwartz), *Journal of Fixed Income* 2 (December), 16-23, 1992.
14. The Valuation of Options on Coupon Bonds, *Journal of Banking and Finance* 17, 27-42, 1993.
15. Bid-Ask Spreads and Trading Activity in the S&P 100 Index in Options Markets, (with T. George), *Journal of Financial and Quantitative Analysis* 28, 381-397, 1993.
16. Interest Rate Volatility and Bond Prices (with E.S. Schwartz), *Financial*

- Analysts Journal* 49 (July–August), 70-74, 1993.
17. Implementation of the Longstaff Schwartz Interest Rate Model (with E.S. Schwartz), *The Journal of Fixed Income* 3 (September), 7-14, 1993.
 18. The Impact of Transaction Fees and Taxes on Trading Volume and Market Liquidity, *The Journal of Financial Engineering* 2, 15-17, 1993.
 19. The Benefits and Costs of Dual Trading, *The Journal of Financial Engineering* 2, 51-54, 1993.
 20. Electronic Screen Trading and the Transmission of Information: An Empirical Examination (with A. Grunbichler), *Journal of Financial Intermediation* 3, 166-187, 1994.
 21. Calling Nonconvertible Debt and the Problem of Related Wealth Transfer Effects, (with B. Tuckman), *Financial Management* 23, 21-27, 1994.
 22. Comments on A Note on Parameter Estimation in the Two-Factor Longstaff and Schwartz Interest Rate Model (with E.S. Schwartz), *The Journal of Fixed Income* 3 (March), 101-102, 1994.
 23. Option Pricing and the Martingale Restriction, *Review of Financial Studies* 8, 1091-1124, 1995.
 24. A Simple Approach to Valuing Risky Fixed and Floating Rate Debt (with E.S. Schwartz), *Journal of Finance* 50, 789-819, 1995.
 25. How Much Can Marketability Affect Security Values?, *Journal of Finance* 50, 1767-1774, 1995.
 26. Hedging Interest Rate Risk with Options on Average Interest Rates, *The Journal of Fixed Income* 5 (March), 37-45, 1995.
 27. Valuing Credit Derivatives (with E.S. Schwartz), *The Journal of Fixed Income* 5 (June), 6-12, 1995.
 28. Throwing Good Money After Bad? Cash Infusions and Distressed Real Estate (with B. Cornell and E.S. Schwartz), *Real Estate Economics* 24, 23-41, 1996.
 29. Placing No-Arbitrage Bounds on the Value of Nonmarketable and Thinly-Traded Securities, *Advances in Futures and Options Research* 8, 203-228, 1996.
 30. Valuing Futures and Options on Volatility (with A. Grunbichler), *Journal of Banking and Finance* 20, 985-1001, 1996.
 31. Arbitrage and the Expectations Hypothesis, *Journal of Finance* 55, 989-994, April 2000.

32. Financial Innovation and the Role of Derivative Securities: An Empirical Analysis of the Treasury STRIPS Program (with M.S. Grinblatt), *Journal of Finance* 55, 1415-1436, 2000.
33. The Term Structure of Very Short-Term Rates: New Evidence for the Expectations Hypothesis, *Journal of Financial Economics* 58, 397-415 2000.
34. Optimal Portfolio Choice and the Valuation of Illiquid Securities, *Review of Financial Studies* 14, 407-431, 2001.
35. Valuing American Options by Simulation: A Simple Least-Squares Approach, (with E.S. Schwartz), *Review of Financial Studies* 14, 1, 113-147, 2001.
36. Throwing Away a Billion Dollars: The Cost of Suboptimal Exercise Strategies in the Swaptions Market (with P. Santa-Clara and E.S. Schwartz), *Journal of Financial Economics* 62, 39-66, 2001.
37. The Relative Valuation of Caps and Swaptions: Theory and Empirical Evidence (with P. Santa-Clara and E.S. Schwartz), *Journal of Finance* 56, 2067-2109, 2001.
38. Dynamic Asset Allocation with Event Risk (with J. Liu and J. Pan), *Journal of Finance* 58, 231-259, 2003.
39. Paper Millionaires: How Valuable is Stock to a Stockholder Who is Restricted from Selling it? (with M. Kahl and J. Liu), *Journal of Financial Economics* 67, 385-410, 2003.
40. The Flight-to-Liquidity Premium in U.S. Treasury Bond Prices, *Journal of Business* 77, 511-526, 2004.
41. Losing Money on Arbitrage: Optimal Dynamic Portfolio Choice in Markets with Arbitrage Opportunities (with J. Liu), *Review of Financial Studies* 17, 611-641, 2004.
42. Electricity Forward Prices: A High-Frequency Empirical Analysis (with A.W. Wang), *Journal of Finance* 59, 1877-1900, 2004.
43. Corporate Earnings and the Equity Premium (with M. Piazzesi), *Journal of Financial Economics* 74, 401-421, 2004.
44. Corporate Yield Spreads: Default Risk or Liquidity? New Evidence from the Credit Default Swap Market (with S. Mithal and E. Neis), *Journal of Finance* 60, 2213-2253, 2005.
45. Borrower Credit and the Valuation of Mortgage-Backed Securities, *Real Estate Economics* 33, 619-661, 2005.
46. The Market Price of Risk in Interest Rate Swaps: The Roles of Default

- and Liquidity Risks (with J. Liu and R. Mandell), *Journal of Business* 79, 2337-2360, 2006.
47. Risk and Return in Fixed Income Arbitrage: Nickels in Front of a Steamroller? (with J. Duarte and F. Yu), *Review of Financial Studies* 20, 769-811, 2007.
 48. The U.S. Treasury Buyback Auctions: The Cost of Retiring Illiquid Bonds (with B. Han and C. Merrill), *Journal of Finance* 61, 2673-2693, 2007.
 49. Two Trees (with J.H. Cochrane and P. Santa-Clara), *The Review of Financial Studies* 21, 347-385, 2008.
 50. An Empirical Analysis of the Pricing of Collateralized Debt Obligations (with A. Rajan), *Journal of Finance* 63, 529-563, 2008.
 51. Systemic Credit Risk: What is the Market Telling Us? (with V. Bhansali and R. Gingrich), *Financial Analysts Journal* 64 (July/August), 2008.
 52. Portfolio Claustrophobia: Asset Pricing in Markets with Illiquid Assets, *American Economic Review* 99, 1119-1144, 2009.
 53. The Subprime Credit Crisis and Contagion in Financial Markets, *Journal of Financial Economics* 97, 436-450, 2010.
 54. Municipal Debt and Marginal Tax Rates: Is There a Tax Premium in Asset Prices?, *Journal of Finance* 66, 721-751, 2011.
 55. How Sovereign is Sovereign Credit Risk? (with J. Pan, L. Pedersen, and K. Singleton), *American Economic Journal: Macroeconomics* 3, 75-103, 2011.
 56. Corporate Bond Default Risk: A 150-Year Perspective (with K. Giesecke, I. Strebulaev, and S. Schaefer), *Journal of Financial Economics* 102, 233-250, 2011.
 57. Counterparty Credit Risk and the Valuation of Credit Default Swaps (with N. Arora and P. Gandhi), *Journal of Financial Economics* 103, 280-293, 2012.
 58. Asset Pricing and the Credit Markets (with J. Wang), *Review of Financial Studies* 25, 3169-3215, 2012.
 59. Systemic Sovereign Default Risk: Lessons from the U.S. and Europe (with A. Ang), *Journal of Monetary Economics* 60, 493-510, 2013.
 60. Macroeconomic Effects of Corporate Bond Default Crises: A 150-Year Perspective (with K. Giesecke, I. Strebulaev, and S. Schaefer), *Journal of Financial Economics* 111, 297-310, 2014.
 61. Disagreement and Asset Prices (with Bruce I. Carlin and Kyle Matoba),

Journal of Financial Economics 114, 226-238, 2014.

62. The TIPS–Treasury Bond Puzzle (with H. Lustig and M. Fleckenstein), *Journal of Finance* 69, 2151-2197, 2014.
63. How Does the Market Value Toxic Assets? (with B. Myers), *Journal of Financial and Quantitative Analysis* 49, 297-319, 2014.
64. Deflation Risk, (with M. Fleckenstein and H. Lustig), *Review of Financial Studies* 30, 2719-2760, 2017.
65. Advance Refundings of Municipal Bonds (with A. Ang, R. Green, and Y. Xing, *Journal of Finance* 72, 1645-1682, 2017.
66. Macroeconomic-Driven Prepayment Risk and the Valuation of Mortgage-Backed Securities (with M. Chernov and B. Dunn), *Review of Financial Studies* 31, 1132-1183, 2017.
67. Valuing Thinly Traded Assets, *Management Science* 64(8), 3868-3878, 2017.
68. Corporate Taxes and Leverage: A Long-Term Historical Perspective (with M. Fleckenstein and I. Strebulaev), *Critical Finance Review* 9, 1-28, 2020.
69. The U.S. Treasury Floating Rate Note Puzzle: Is there a Premium for Mark-to-Market Stability (with M. Fleckenstein), *Journal of Financial Economics* 137, 637-658, 2020.
70. Renting Balance Sheet Space: Intermediary Balance Sheet Rental Costs and the Valuation of Derivatives, (with M. Fleckenstein), *Review of Financial Studies* 33, 5051-5091, 2020.
71. Asset Mispricing (with K. Lewis and L. Petrasek), *Journal of Financial Economics*, 141, 981-1006, 2021.
72. The Market Risk Premium for Unsecured Consumer Credit Risk (with M. Fleckenstein), *Review of Financial Studies*, forthcoming.

**Other
Publications:**

1. From Dwarf to Stream: An Extremely Tidal Distorted Galaxy Near NGC 4449 (with R.M. Rich, M.L.M. Collins, C.M. Black, A. Koch, A. Benson, and D.B. Reitzel), *Nature*, 9 February 2012.
2. A Formal Method for Identifying Distinct States of Variability in Time-Varying Sources: Sgr A* as an Example, (with L. Meyer, G. Witzel, and A. M. Ghez), *Astrophysical Journal* 791: 24, 1-9, 2014.
3. Another Look at the Size of the Low-Surface Brightness Galaxy VCC 1661 in the Virgo Cluster (with A. Koch, C. Black, R.M. Rich, M. Collins, and J. Janz, *Astronomical Notes* 338: 4, 503-509, 2017.

4. The Halos and Environments of Nearby Galaxies (HERON) Survey, (with R. M. Rich, N. Brosch, J. Bullock, A. Burkert, M. Collins, L. de Groot, J. Kenefick, A. Koch, and L. Sales, *Formation and Evolution of Galaxy Outskirts*, Proceedings IAU Symposium No. 321, 2016, International Astronomical Union 2017.
5. The Volatility of Japanese Interest Rates: A Comparison of Alternative Alternative Term Structure Models (with K.C. Chan, A. Karolyi, and A. Sanders), 19–136 in *Pacific Basin Capital Markets Research Volume III* S. Rhee and R. Change, (Eds.), North Holland, Amsterdam, 1992

**Editorial
Boards:**

Journal of Financial and Quantitative Analysis, 1993–Present
Advances in Futures and Options Research, 1993–1995
Review of Financial Studies, 1993–1995, 2003–2006
Journal of Banking and Finance, 1994–2000
Journal of Fixed Income, 1994–Present
Journal of Derivatives, 1994–Present
Journal of Financial Engineering, 1994–2000
Journal of Computational Finance, 1997–2000
Journal of Empirical Finance, 1998–2000
Finance Research Letters, 2003–2010
Review of Derivatives Research, 2003–2006
Journal of Finance, 2006–2011
Financial Analysts Journal, 2010–Present
Review of Asset Pricing Studies, 2011–2016

**Professional
Service:**

1996–1998, Advisory Board, MBA Track in Financial Engineering,
Sloan School of Management, MIT
2004–2007, Board of Directors, American Finance Association
2002–Present, Research Associate, National Bureau of Economic Research
2005, Member Search Committee for Editor of the Journal of Finance
2008–2009, Board of Directors, Western Finance Association
2008–2010, Board of Trustees and Chairman of the Audit Committee,
The Research Foundation of CFA Institute
2009, Founding Executive Director, UCLA Master of Financial
Engineering Program
2009–2010, Vice President, Western Finance Association
2010–2011, President-Elect and Program Chair, Western Finance Association
2010–2011, Member Search Committee for Editor of the Journal of Finance
2011–2012, President, Western Finance Association

Corporate Boards: 1999-2002, Simplex Technology, Inc.

- Testimony**
1. The California Public Employees Retirement System (CalPERS) v. Moody's Corp, Moody's Investor Services Inc, Standard & Poor's, Fitch Inc, Fitch Group, Inc., Fitch Rating, Ltd., The McGraw Hills Companies.
 2. Ellis v. Fidelity Management Trust Co.
 3. Financial Guarantee Insurance Company v. The Putnam Advisory Company LLC.
 4. Ortiz v. American Airlines, the American Airlines Pension Asset Administration Committee, and the American Airlines Federal Credit Union.
 5. Jon Hoak, Anthony Fano, Allan Quick, Patricia Giering, and Nancy Parin v. Plan Administrator of the Plans of NCR Corporation.
 6. Western Shoshone Identifiable Group et. al. v. The United States et. al.

(CV current as of December 2021).