



## CERF Fellow Report

Please note this information will be published on the CERF website.

### 1. Personal Details

<b>Name and Faculty:</b>	Pedro Saffi Reader in Financial Economics, Judge Business School
<b>Date:</b>	30-August-2018
<b>CERF Fellowship Period:</b>	2018-2020

### 2. Research Update

<b>Research Title and Abstract</b> Please tell us your CERF Funded Research Title and Abstract <b>(250 words max)</b>	<p>1. "The Rise of the Equity Lending Market: Implications for Corporate Financial Policies"</p> <p>We model the effect of short selling constraints on corporate policies and empirically show how the equity lending market shapes corporate behaviour. Firms react to increases in the supply of lendable (shortable) stocks by repurchasing shares and increasing investment, consistent with the argument that managers respond to the threat of manipulative shorting by signalling firm valuation through corporate policies. Firms also save more cash and issue more debt in response to shifts in the supply of lendable stocks. These various responses are coordinated and are more pronounced when firms have more liquid stocks, higher growth opportunities, face higher financing constraints, and when managerial compensation is more sensitive to stock prices.</p>
<b>Key Research findings to date:</b>	See abstract above



(250 words max)

### 3. Weblinks to your work

We would like to provide CERF Managers with weblinks to the research output of CERF Funded Projects and the following information:

- links to your research outputs  
<http://www.pedrosaffi.com/Research/research.html>
- publications generated during the CERF fellowship
  - 1) [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2703318](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2703318)
  - 2) [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2636770](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2636770)
- seminars, conference presentations, press releases and other academic activities

#### Working papers:

1. “Short Sales Constraints and the Diversification Puzzle”, 2015, with Adam Reed (UNC) and Edward Van Wesep (Colorado). Revise & Resubmit at Management Science and presented at the 2017 FIRS conference in Hong Kong.
2. “The Rise of the Equity Lending Market: Implications for Corporate Financial Policies”, 2015, with Murillo Campello (Cornell University). Presented at the EFA 2015 and AFA 2016 and the 2017 FIRS conference in Hong Kong. Under revision for submission to the Journal of Finance.

### 4. Additional information

Is there any other information you would like to share with us about your work to date?

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*Please return completed form to The Administrator, [admin@cerf.cam.ac.uk](mailto:admin@cerf.cam.ac.uk)*