

## DAVID GOLDREICH

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### Education:

PhD, Financial Economics  
Graduate School of Industrial Administration  
Carnegie Mellon University, 1997

MS, Finance  
Graduate School of Industrial Administration  
Carnegie Mellon University, 1992

MSIA (MBA) with Distinction  
Graduate School of Industrial Administration  
Carnegie Mellon University, 1990

BS with Honors, Engineering and Economics  
California Institute of Technology, 1988

### Employment:

Associate Professor of Finance  
Rotman School of Management  
University of Toronto, 2005 -

Assistant Professor of Finance  
London Business School, 1996 - 2005

Lazard Brothers Research Fellow  
London Business School, 1999 – 2004

Research Affiliate  
Centre for Economic Policy Research (CEPR), 2003-Present

### Awards:

Best Paper Award, Financial Research Association conference, for "When is Bargaining Successful? Negotiated Division of Tournament Prizes," (joint with L. Pomorski), 2007  
Professor of the Year, Rotman School of Management, 2006  
Excellence in Teaching Award, Rotman School of Management, 2006, 2007  
Nominated for GSAM Prize for best paper in the *Review of Finance*, for "The Price of Future Liquidity: Time-Varying Liquidity in the US Treasury Market," (joint with P. Nath and B. Hanke), 2005  
Nominated for Brattle Prize for best paper on corporate finance in the *Journal of Finance*, for "Bookbuilding: How Informative is the Order Book?" (joint with F. Cornelli), 2004

Nominated for Brattle Prize for best paper on corporate finance in the *Journal of Finance*, for "Bookbuilding and Strategic Allocation," (joint with F. Cornelli), 2002  
First Prize, ABN Amro International Conference on Initial Public Offerings, for "Bookbuilding: How Informative is the Order Book?" (joint with F. Cornelli), 2000  
Best Teacher Award (Junior Faculty), London Business School, 2000  
Social Sciences and Humanities Research Council of Canada Graduate Fellowship, 1992-1994  
William Larimer Mellon Fellowship, 1990 - 1992, 1994 - 1995  
Best Student Teacher Award, 1990  
Outstanding Academic Achievement Award, 1990  
Henry Ford II Scholarship Award, 1989

**Research Papers:** (Citation count excluding self-cites = 160)

***Bookbuilding and Strategic Allocations (joint with F. Cornelli)***

*Journal of Finance*, 56, December 2001

This paper empirically examines the bids and allocation of shares in international equity issues. We infer the criteria used by the investment banker to allocate shares. We find that the bookrunner favors bidders who provide information and bidders who participate regularly. The results have implications for the theories related to the underpricing of initial public offerings.

***Bookbuilding: How Informative is the Order Book? (joint with F. Cornelli)***

*Journal of Finance*, 58, August 2003

This paper examines how information in the order book is reflected in the IPO price under the bookbuilding mechanism. We find that the IPO price is closely related to the limit prices in the bids and to a lesser extent, to the level of oversubscription. The bids from certain classes of bidders are more informative than others. Oversubscription and elasticity in the book can be used to predict aftermarket performance.

***The Price of Future Liquidity: Time-Varying Liquidity in the US Treasury Market (joint with B. Hanke and P. Nath)***

*Review of Finance*, 9, March 2005 (lead article)

In this paper we show that the value of securities depends on the expected liquidity of the security over its entire life. We take a new approach to valuing liquidity by following Treasury securities over liquidity cycles and showing how the liquidity premium falls when get closer to the end of the liquid period. Moreover, we are able to distinguish between different aspects of liquidity (such as bid-ask spread and volume) and show how much each of these affects the liquidity premium.

***Investor Sentiment and Pre-IPO Markets (joint with F. Cornelli and A. Ljungqvist)***

*Journal of Finance*, 61, June 2006

What role do sentiment investors play in the pricing of newly listed stocks? We derive conditions under which we can distinguish between sentiment and rational pricing behavior and test for the rationality of small investors' demand for new stock issues using data from pre-issue (or 'grey') markets in Europe. Under sentiment, the model predicts asymmetric relations between the prices at which small investors trade new stock issues in the grey market and i) the subsequent issue price set by the investment bank, ii) prices in the early after-market, and iii) the degree of stock price reversal in the long run. Our empirical results suggest that sentiment demand is present and influences the pricing of newly listed firms.

***Underpricing in Discriminatory and Uniform-Price Treasury Auctions***

*Journal of Financial and Quantitative Analysis*, 42, forthcoming, June 2007

This paper compares the newer uniform-price U.S. Treasury auctions to the traditional discriminatory mechanism and examines the extent to which the auction mechanisms are responsible for underpricing. Empirically, I find that even for the newer uniform-price auctions, the average price received by the Treasury is less than the price of the same securities in the concurrent secondary market, although this underpricing is reduced by half relative to the older mechanism. From the summary statistics released by the Treasury, I calibrate common-value auction models for the two mechanisms and predict the level of

underpricing in each auction. I find that the observed magnitude of underpricing in the auctions is consistent with the model's predictions.

***Low-Priority Bids in Discrete Treasury Auctions (joint with L. Ausubel)***

"Revise and resubmit" for the *American Economic Review*

In U.S. Treasury auctions, bids are constrained to a discrete grid of yields. Until recently, due to rounding rules in the yield-price conversion, it was possible for adjacent bids to be mapped into the same price. This creates high-priority and low-priority bids at the same price. We model the discrete bid auction and show that low-priority bids should be frequently observed in second-price auctions but never in first-price auctions. Consistent with the model, we find that when the Treasury auction format was changed from discriminatory to uniform price, the frequency of low-priority bids increased substantially. However, we find intriguing patterns in the frequency with which low-priority bids are submitted.

***Initiating Bargaining (joint with L. Pomorski)***

submitted to *Quarterly Journal of Economics*

We study whether the success of bargaining and the agreed upon terms depend on the characteristics of the person who initiates negotiations ("the initiator"). We approach this question in the context of high-stakes online poker tournaments, in which participants often negotiate a division of the prize money rather than risk playing until the end. Although initiators typically are in a worse than average position and are less well known, negotiations initiated by better known and better performing agents are more likely to lead to an agreement. This would suggest that gains to trade depend on who the initiator is, but, surprisingly, initiating bargaining does not affect the initiator's payoff in a completed deal.

Additionally, we find strong evidence in support of Cramton, Gibbons, and Klemperer (1987), who argue that bargaining is more likely to succeed when parties' stakes in an enterprise are close to equal.

**Research in Progress:**

- The advantage of bookbuilding over auctions for IPOs
- Expected partial adjustment: The case of Google's IPO
- Price discreteness in auction markets
- Investor choice in 401(k) plans (with H. Halaburda)

**Teaching Experience:**

**Graduate and executive level:**

**University of Toronto**

Business Finance 2006-2008

(MBA)

Average instructor rating: 6.25/7.00

**London Business School**

Capital Markets and Financing 2000 - 2005

(MiF and Executive)

Average instructor rating: 4.46/5.00

Finance 2 1997 - 2002

(MBA and EMBA)

Average instructor rating: 4.58/5.00

International Financial Centre Field Project: New York 1997 - 2000

(MBA and MiF)

**Carnegie Mellon University**

Corporate Finance 1995 - 1996

(MBA)

Average instructor rating: 4.33/5.00

## **Undergraduate level:**

### **Carnegie Mellon University**

Finance I 1990 - 1993

Average instructor rating: 4.29/5.00

## **Other Experience:**

Merrill Lynch Capital Markets, New York, NY 1989

Mortgage-Backed Securities Research Department

## **Other Professional Activities:**

### **Seminar presentations at:**

American University; Binghamton University; Cambridge University; Carnegie Mellon University (2); City University Business School (London) (2); Cornell University; Euromoney Seminars; Hebrew University (2); HEC; Imperial College; University of Iowa; Imperial College; Lazard Brothers; London Business School (5); London School of Economics; Michigan State University; University of Minnesota; New York Stock Exchange; University of North Carolina; Northwestern University; Norwegian School of Economics and Business Administration (NHH), Bergen; Norwegian School of Management (BI), Oslo; University of Pittsburgh; Rutgers University (2); Tel Aviv University (2); University of Texas at Dallas; University of Toronto (3); University of Washington; University of Western Ontario, Wharton

### **Conference presentations:**

Economic Science Association, Pasadena, 2008  
Washington University Corporate Finance Conference, 2008  
Financial Research Association, Las Vegas, 2007  
Western Finance Association Meetings, Keystone, 2006  
American Finance Association Meetings, Philadelphia, 2005  
Finance and Accounting in Tel Aviv, 2004  
Treasury Auction Conference, Jerusalem, 2004  
FEEM Conference on Auctions and Market Design, Rome, 2004  
Entrepreneurship, Venture Capital, and IPO Conference, Dartmouth, 2004  
FIRS Conference on Banking, Insurance and Intermediation, Capri, 2004  
LSE Conference on Liquidity, 2003  
LSE/LBS Corporate Finance Workshop, 2003  
MTS Conference on Financial Markets, Toulouse, 2003  
NYSE/Stanford Conference on Entrepreneurial Finance and IPOs, 2003  
American Finance Association Meetings, New Orleans, 2001  
ABN Amro International Conference on IPOs, Amsterdam, 2000  
European Finance Association Meetings, London, 2000  
CEPR Summer Symposium, Gerzensee, 2000  
TMR conference, Florence, 1998  
Western Finance Association Meetings, Santa Monica, 1998  
TMR conference on Initial Public Offerings, London, 1998  
Finance and Accounting in Tel Aviv, 1998  
American Finance Association Meetings, Chicago, 1998  
European Finance Association Meetings, Oslo, 1996  
Doctoral Student Seminar, Financial Management Association, New York, 1995

### **Seminar presentations by co-authors**

Aarhus University; Arizona State University; Boston College; Brunel University; Columbia University; Duke University; Hebrew University (2); HEC; IESE; Insead; London Business School; London School of Economics; Michigan State University; Norwegian School of Economics and Business Administration (NHH), Bergen; Norwegian School of Management (BI), Oslo; Northwestern University; Ohio State University; Rutgers University; Stanford University; Tilburg University; Tulane University; University of Amsterdam; University of Chicago; University of Georgia; University of Michigan; University of Minnesota; University of North Carolina; University of Oxford; Università di Salerno; University of Utah; University of Zurich; Wharton

### **Conference presentations by co-authors**

GAMES, Evanston, 2008  
NBER Corporate Finance Meetings, 2004  
European Finance Association Meetings, Berlin, 2002  
Utah Winter Finance Conference, 2001  
Texas Finance Festival, 2001  
CEPR Conference on Primary Equity Markets, Capri, 2000  
NBER Summer Institute, Boston, 2000  
CEPR Summer Symposium, Gerzensee, 1999  
CEPR Conference, Toulouse, 1998

### **Conference program committees**

European Finance Association Meetings, Vienna, 1997; Fontainebleau, 1998; Vienna, 1999; London, 2000; Berlin, 2002; Glasgow, 2003; Maastricht, 2004; Moscow 2005  
Northern Finance Association, 2008  
Multinational Finance Association, 2008

### **Conference session chair**

Western Finance Association Meetings, Big Sky, 2007  
Track Chair, European Finance Association Meetings, Glasgow, 2003  
European Finance Association Meetings, London, 2000  
ABN Amro International Conference on IPOs, Amsterdam, 2000  
CEPR conference, Toulouse, 1998

### **Conference discussant**

Discussed papers at numerous conferences including American Finance Association, Western Finance Association, European Finance Association, Northern Finance Association, and many smaller conferences in the US, Canada, and Europe.

### **Referee**

Economic Journal  
European Financial Management  
European Journal of Finance  
Journal of Banking and Finance  
Journal of Business Venturing  
Journal of Empirical Finance

Journal of the European Economic Association  
Journal of Finance  
Journal of Financial Economics  
Journal of Financial Intermediation  
Journal of Financial Markets  
Journal of Financial Services Research  
Journal of Financial and Quantitative Analysis  
Journal of International Financial Markets, Institutions & Money  
Management Science  
Review of Economic Studies  
Review of Finance  
Review of Financial Studies

### **Committee activities**

Nominating Committee, American Finance Association, 2008

Admissions Committee, Masters in Finance Programme, London Business School, 1997-2003

Master of Finance Committee, University of Toronto, 2006-2007

Various other committees including Admissions and Standards Committee, faculty recruiting committees, PhD admissions committees, comprehensive exam committees, etc.

### **PhD thesis committees**

Zhaoxia Xu (Bank of Canada)

Bin Chang (University of Ontario Institute of Technology)