

DAVID GOLDREICH

Office:

Institute of Finance and Accounting
London Business School
Regent's Park
London NW1 4SA
United Kingdom
Tel: +44-20-7262-5050 ext. 3357
Fax: +44-20-7724-3317
E-mail: dgoldreich@london.edu

Home:

3 Park View Gardens
London NW4 2PR
United Kingdom
Tel: +44-20-8202-6991

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:

Assistant Professor of Finance
London Business School, 1996 - Present

Lazard Brothers Research Fellow
London Business School, 1999 – 2004

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

Awards:

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 = 69)

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.

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.

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

Review of Finance, forthcoming

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-Issue Markets (joint with F. Cornelli and A. Ljungqvist)

"Revise and resubmit" for the *Journal of Finance* (3rd round)

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.

Behavioral Biases of Dealers in U.S. Treasury Auctions

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

This paper provides evidence of behavioral biases and bounded rationality by large dealers in U.S. Treasury auctions. While the existing literature provides substantial evidence of behavioral biases among individual investors, it is less well documented for large sophisticated institutions who are likely to be marginal for the purposes of setting asset prices. Primary bond dealer who regularly bid for billions of dollars in Treasury bill auctions are precisely such economic agents. I argue that these dealers are subject to behavioral biases and use the heuristic of yield-space bidding in the Treasury auctions. This bias is manifested in three ways: the submission of dominated bids - those that could be improved without raising the bidding price; bidding in the presence of an unevenly spaced grid; and rounding of bids in yield space. Consistent with bounded rationality, I show that bidders are less susceptible to this bias when the cost of suboptimal bidding is high.

Underpricing in Discriminatory and Uniform-Price Treasury Auctions

"Revise and resubmit" for the *Journal of Financial and Quantitative Analysis*

This paper examines how the Treasury auction mechanism affects pricing from both a theoretical and empirical perspective. Theoretically, I show that the discriminatory mechanism should result in more underpricing than the uniform-price mechanism, and the amount of underpricing should depend on auction characteristics. Empirically, I find underpricing of a magnitude consistent with the theory, both on average and in the cross section.

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

Teaching Experience:

Graduate level:

London Business School

Capital Markets and Financing 2000 - 2004

(MiF and Executive)

Average instructor rating: 4.53/5.00

Finance 2 1997 - 2002

(MBA and EMBA)

Average instructor rating: 4.52/5.00

International Financial Centre Field Project: New York 1997 - 2000

(MBA and MiF)

Carnegie Mellon University

Corporate Finance 1995 - 1996

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; 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; Tel Aviv University (2); University of Texas at Dallas; University of Toronto (2); University of Washington; Wharton

Conference presentations:

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; 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

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; Fountainsbleau, 1998; Vienna, 1999; London, 2000; Berlin, 2002; Glasgow, 2003; Maastricht, 2004;

Conference session chair

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

Referee

Economic Journal
European Financial Management

European Journal of Finance
Journal of Banking and Finance
Journal of Empirical Finance
Journal of the European Economic Association
Journal of Finance
Journal of Financial Intermediation
Review of Economic Studies
Review of Finance
Review of Financial Studies

Other London Business School activities

Admissions Committee, Masters in Finance Programme 1997-2003