

Curriculum Vitae

CHANGJIE HU

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EDUCATION	McGill University, Montreal, Canada <i>Ph.D. in Finance</i>	2014-2020
	Queen's University, Kingston, Canada <i>MSc. in Finance</i>	2013-2014
	University of British Columbia, Vancouver, Canada <i>B.Com in Finance with Honors</i>	2009-2013

PROFESSIONAL ACTIVITIES	Certified Professional Risk Manager (PRM) CFA level 3 Candidate Summer Internship, China Minzu Securities Co., Ltd (Ningbo Branch), China 2011
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RESEARCH INTERESTS	Empirical Corporate Finance Entrepreneurial Finance Regulation and Disclosure Policy Competitions and Innovations
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HONORS AND AWARDS	McGill Grad Excellence Award 2014-2018 HEC-McGill Ph.D. Workshop Best Discussant Award 2017 Desmarais Finance Research Centre Graduate Award 2016 National Bank Financial Group Ph.D. Fellowship 2014, 2016 Queen's MSc Entrance Scholarship 2013 Sauder International Student Scholarship for academic excellence and potential to make a scholarly contribution 2013 Sauder Commerce Scholar (Advisor: Prof. Kai Li) 2013-2014 UBC Dean Honor Roll and Trek Excellence Scholarship 2010-2012 UBC President's Entrance Scholarship 2009
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RESEARCH PAPERS	Working Papers: <u>Accountability and the Disclosure of Soft Information: Evidence from the Sarbanes-Oxley Act</u> This paper examines the important relationship between mandatory disclosure behavior and a change in legal accountability. When the top executives become directly liable for misreporting, they incur additional personal costs while making disclosure decisions. In this study, we treat the enactment of the Sarbanes-Oxley Act (SOX) in 2002 as a regulatory event that increases the legal accountability of the top executives and compute tones for a large sample of form 10-Q and 10-K filings between 1994 and 2017 using textual analysis. We first document that the changes in filing tones contain substantial information that is reflected promptly in the capital market. We also show that a structural break exists in the distribution of filing tones around SOX. The firms on average use a more negative tone in their quarterly mandatory disclosure after SOX. Interestingly, investors seem to exhibit a greater reaction to per unit change of filing tones during the post-SOX era. By standardizing the tone measures, we show that investor's overreaction is not driven merely by the potential systematic change in the tone distribution after SOX. We also document that filing tones are determined by common performance measures, but such a relationship seems to be weakened after SOX.
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Does the Exit of Venture Capitalists Affect Innovation? Evidence from IPOs

Prior research has mostly established a positive relationship between Venture Capitalists (VCs) and innovation. Using a difference-in-differences framework, this paper extends further to examine the impact of VC's exit on innovation by comparing VC backed IPO firms with the non-VC backed. We first document that VC-backed firms experience a greater drop in Research and Development (R&D) investment after VCs achieved IPO exits. This negative effect from VC's exit is also confirmed by matching similar non-VC backed IPO firms using the propensity scores. We also find that VC backed firms experience a greater drop in the quality and output of innovation in a longer horizon potentially due to the larger drop in R&D investment after IPO. Our empirical evidence reveals that VC's motivation to push for innovation may be substantially reduced after IPO exit. Under a triple difference-in-differences framework, we present evidence that the Pre-IPO VC involvement will have a significant effect on post-IPO innovation. While VC involvement is positively correlated with innovation, it also seems to heighten the negative effect on post-exit R&D investment. The presence of institutional monitoring, on the other hand, may limit such myopic behavior after IPO.

Is Import Competition Good for Domestic Innovation?

This paper revisits the long-debated relation between market competition and firm innovation. While traditionally competition is measured at the industry level with historical data, our study utilizes two new text-based measures of competitive threats developed by Hoberg et al. (2014) and Li et al. (2013) which are both firm-specific and forward-looking. We address the potential endogeneity concerns using instrumental variables along with the propensity score matching of firms that experience an exogenous shock from import competition with those that do not. Our results show that an increase in competition unambiguously promotes firm innovation. A better industry prospect will also encourage more innovation, but such effect is less prominent in the presence of greater competition arguably due to lower expected profits. We also document that the positive effect on innovation from heightened competition is more pronounced for firms with higher financial constraints and better patent accumulation. Interestingly, we observe some evidence that competition may reduce firms' innovation efficiency.

Work in Progress:

Pre-IPO Risk Disclosure: Evidence from Form S-1 filings *(with Ming Liu, McGill)*

We have calculated a wide range of risk measures (i.e. Li (2006) and Campbell et al. (2014) and Hope et al. (2016)) from the S-1 filings (including S-1/As) of the US IPOs and We currently observe a negative correlation between VC backing and pre-IPO risk disclosure. We also observe a substitution (i.e. negative) effect between IPO underpricing and risk disclosure in deterring litigation as proposed in Hanley and Hoberg (2012). We do not observe any significant impact of the pre-IPO risk disclosure on various stock crash risk measures after IPO, potentially because of the mandatory disclosure requirements (e.g. 10-Qs or 10-Ks) after becoming public.

CDS initiation and Agency Problems *(with Weiyu Jiang, McGill)*

This paper examines how the initiation of credit default swaps (CDS) trading affects the product market competition faced by the referenced firms. The trading of CDS provides an avenue for creditors to hedge default risks, therefore, weakening the incentives to monitor the borrowers. Our paper predicts that the trading of CDS increases individual level product market competition because a reduced creditor monitoring effect can lead to growing shareholders' demand for information disclosure, revealing strategic information that may undermine the product market competency of the firm if disclosed. While prior literature

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shows that CDS trading firms increase both the likelihood and frequency of earnings forecasts as a direct response to shareholders' demand, we find that firms made their mandatory disclosure (i.e. form 10-K) less readable as a potential way to increase information asymmetry to escape competition. We also find that the presence of high institutional investors seems to reduce competition faced by CDS trading firms.

Public Disclosure of Payroll and Work Performance (with Adolfo De Motta and Matthieu Bouvard)

In this project, we manually collected the publication data for Economics, Finance, and Accounting professors at The University of Texas at Austin. We also made an open record request from UT's payroll department for employees and payroll information of the professors under the Texas Public Information Act. While the information law is long in place, the request for such information is tedious until the convenience of freely browsing UT employees' payroll was provided by The Texas Tribune website after Nov 2009. We treat this as an exogenous shock in payroll information disclosure. After accounting for employee characteristics, year, department and individual fixed effects, our preliminary results suggest that the explanatory power of having top journal publications in salary increase has weakened after 2009.

TEACHING EXPERIENCE

Faculty Lecturer:

Financial Derivatives (FINE 448), McGill University, Summer 2017

Teaching Evaluations: Overall 4.8 out of 5

Received the Excellence in Teaching Award

Teaching Assistant:

Corporate Finance Theory (McGill)

Financial Derivatives (McGill)

Introduction to Finance (McGill)

Managerial Economics (McGill)

Integrated Management Essential I (McGill)

Introduction to Finance (Queen's)

Introduction to Management Accounting (Queen's)

Managerial Economics (UBC)

Applied Financial Markets (UBC)

Business Statistics (UBC)

CONFERENCE PRESENTATION AND ACCEPTED PAPERS

International Conference on Financial Development and Stability in Dynamic Global Economy, Ningbo, China 2019 (Presenter)

9th Annual International Conference on Accounting and Finance, Singapore 2019 (Accepted Paper)

HEC-McGill Ph.D. Workshop, Montreal, Canada 2017 (Presenter and Discussant)

The Sixth Risk Management Conference, Mont Tremblant, Canada 2016

Seventh Biennial McGill Global Asset Management Conference, Montreal, Canada 2015

REFERENCES

Adolfo De Motta, Associate Professor of Finance
Desautels Faculty of Management, McGill University
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Jiro Kondo, Assistant Professor of Finance
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ADDITIONAL INFORMATION

Computer Skills: Stata, SAS, Python, Excel
Database Used: WRDS, Datastream, SDC Platinum, Factiva, LexisNexis, EDGAR, Zephyr
Language: Chinese (Native), English (Fluent), Japanese (Beginner)