

# Pekka Honkanen

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## Education

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2014 – Present	<b>HEC Paris, Finance Department</b> Ph.D. Candidate in Finance
Feb. – May 2018	<b>University of California, Berkeley, Haas School of Business</b> Visiting scholar
2014	<b>Paris School of Economics</b> M.Sc. Economics (Analysis and Policy in Economics)
2012	<b>London School of Economics and Political Science (LSE)</b> B.Sc. Accounting and Finance. <i>First Class Honours</i>

## Research Interests

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Market microstructure, investment management, mutual funds

## Working Papers

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*“Securities Lending and Trading by Active and Passive Funds”, 2019 (job market paper)*

*I study the market for lending and borrowing securities in the United States. I find that by making securities available for borrowing, mutual funds acquire information about short selling, which they exploit for trading. Funds with discretion in their investment choices rebalance their portfolios away from borrowed stocks, avoiding capital losses on stocks with decreasing prices. Funds also trade more aggressively on stocks with stronger signals. Finally, active funds charge lower lending fees than passive funds, consistent with funds paying for the information with lower fees.*

*“Learning from Noise? Price and Liquidity Spillovers around Mutual Fund Fire Sales”, with Daniel Schmidt, 2019 (R&R at the Review of Asset Pricing Studies)*

*We study the extent of cross-asset learning in financial markets by examining spillover effects around mutual fund fire sales. We find that the well-documented impact-reversal pattern for the returns of fire sale stocks (e.g., Coval and Stafford, 2007) spills over onto the stock returns of economic peers with a magnitude that is around one fifth of the original effect. These spillovers extend to liquidity and are not explained by common funding shocks or the hedging activity of liquidity providers. We conclude that they represent information spillovers due to learning from prices, thus identifying cross-asset learning as an important driver for the commonality in returns and liquidity.*

## Work in Progress

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*“Strategic Allocation of Securities Lending Profits”*

*Do fund management companies strategically allocate securities loans and lending revenues to funds within the fund family?*

*“Index Crowding by Replication Funds”*

*A large proportion of index funds engage in sampling replication, i.e. they invest in a subset of the index component securities. Is there correlation between funds' sampling strategies, and can this cause crowding in sampling strategies for the funds? Does this have market efficiency implications, if funds overinvest in a subset of index components?*

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## Conferences and Seminars

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2019	Paris Dauphine PhD Workshop (discussant); HEC Paris
2018	Paris December Finance Meeting; Banque de France; Aalto School of Business, European Central Bank Money Market Workshop (discussant); Paris Dauphine PhD Workshop; HEC Paris PhD Workshop
2017	Annual Financial Market Liquidity Conference (Budapest, Hungary); HEC Paris; HEC Paris; 3rd HEC Finance PhD workshop (student organizer)
2016	University of Neuchatel (Switzerland); HEC Paris; 2nd HEC Finance PhD workshop (student organizer)

## Teaching

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2016	HEC Paris, Lecturer, Financial Economics. Teaching evaluations: 4.3/5.
2014 – 2019	HEC Paris, Teaching Assistant. Securities markets; Financial economics; Asset pricing; Market microstructure.
2014	INSEAD, Teaching Assistant. Prices and Markets (MBA)

## Non-academic activity

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June 2013 – Aug. 2013	Organisation for Economic Co-operation and Development (OECD), Trainee
July 2011 – Sept. 2011	Centre de Recherche en Économie et Statistique (CREST), Research Assistant
June 2009 – Oct. 2010	Dasos Capital Ltd., Analyst

## Language Skills

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- Finnish – Native
- Swedish – Native
- English – Fluent (spoken & written)
- French – Fluent (spoken & written)

## Grants and Awards

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- Finnish Cultural Foundation doctoral grant (2019)
- AFA Travel Grant (2018)
- Finnish Foundation for Economic Education doctoral grant (2017-2018)
- Labex ECODEC doctoral fellowship (2016-2018)
- Finnish Cultural Foundation doctoral grant (2014-2015)
- HEC Paris doctoral fellowship (2014-2015)
- Otto Malm Foundation, grant for M.Sc. thesis (2014)

## Personal Interests

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- Rock climbing and mountaineering, skiing, motorcycling

## References

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Professor Jean-Edouard Colliard, HEC Paris. colliard@hec.fr

Professor Thierry Foucault, HEC Foundation Chaired Professor of Finance, HEC Paris. foucault@hec.fr

Professor Augustin Landier, HEC Paris. landier@hec.fr

Professor Daniel Schmidt, HEC Paris. schmidt@hec.fr