

YUCHI YAO

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CONTACT INFORMATION

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EDUCATION

Simon Business School, University of Rochester

Ph.D. in Finance

2018 – 2024 (Expected)

University of Virginia

M.S. in Economics

2016–2018

Nankai University

M.S. in Economics

2016–2018

B.S. in Economics

2010–2014

RESEARCH INTEREST

IPO, SPACs, Director Networks, Entrepreneurship, Financial Networks, Financial Intermediation, Investment Banking

JOB MARKET PAPER

Rational Choice of Going Public

Abstract: This study presents a dynamic model evaluating the timing and selection between IPOs and SPAC mergers for firms going public, integrating regulatory and institutional differences that impact investor evaluations and costs. Using simulated method of moments, it estimates opportunity costs for IPOs and SPACs at \$52 million (91% of money left on the table) and \$121 million (78% respectively), with the residual reflecting risk compensation.

WORKING PAPERS

- **SPACs' Directors Network: Conflict of Interest, Compensation, and Competition**

with Michael Gofman

Abstract: In 2010-2021, 972 SPACs raised \$271 billion and hired 4,056 directors to facilitate mergers with private firms. We show theoretically and empirically that entrant SPACs inefficiently front-run the deal flow by hiring incumbent SPACs' directors. Incumbent SPAC's lower compensation and longer time to liquidation decrease directors' compensation from the entrant SPAC but increase the chance for the conflict of interest to emerge. Empirically, higher pay by the entrant SPAC increases the chance that a director misallocates the target, hurting the returns of the incumbent SPAC's investors. Our welfare analysis provides conditions when banning concurrent SPACs' board membership is desirable.

Presented at: 2022 Midwestern Finance Association (MFA) Conference, 2022 New Zealand Finance Meeting, 2022 Paris Financial Management Conference (PFMC) (presented by coauthor), 2023 CES North America Conference, Financial Management & Accounting Research Conference 2023, 2023 Financial Markets and Corporate Governance (FMCG) Conference, 2023 North American Summer Meeting (NASM)

Blog Post: *The FinReg Blog, Global Financial Markets Center, Duke University School of Law*

- **Security Issuance, Institutional Investors and Quid Pro Quo: Insights from SPACs**

with Gaurab Aryal, Zhaohui Chen, and Chris Yung

Abstract: A SPAC divides the process of a private firm going public into two stages: SPAC IPO and its merger with the firm. This division enables us to disentangle the effect of information- and agency-related

frictions on security issuance. To this end, we distinguish “premium” from “non-premium” institutional investors and show evidence consistent with premium investors producing value-relevant information: they are associated with less redemption and greater announcement returns. In contrast, non-premium investors engage in quid-pro-quo arrangements, such that high returns in a given deal imply their participation in a weaker future deal. Interestingly, quid-pro-quo enables weaker firms to go public.

Presented at: *Financial Management & Accounting Research Conference 2023, 2023 Financial Markets and Corporate Governance (FMCG) Conference, 2023 China International Conference in Finance (CICF)*

Blog Post: *The FinReg Blog, Global Financial Markets Center, Duke University School of Law*

- **Investment Bank Governance and Client Relationships**

with Zhaohui Chen, Alan D. Morrison, William J. Wilhelm

Abstract: The relational contract at the heart of an investment banking relationship is valuable because it engenders and requires mutual trust in a setting where conflicts of interest are significant and are not easily resolved through formal contract. But a bank’s ability to commit to a relational contract depends on internal governance mechanisms that align the interests of individual bankers with those of the bank. We argue that increasing complexity in investment banks weakens internal governance and estimate a causal model that indicates that the likelihood of a relationship being broken is increasing in bank complexity.

WORK IN PROGRESS

- **Information Discrimination in Syndicate Loan Market**

with Gaurab Aryal

Abstract: Large lead arrangers price discriminate based on borrowers’ private information. A firm with an average willingness to work with a large lead arranger pays 69.0 basis points more in interest spreads than a firm indifferent between borrowing from large lead arrangers and other lead arrangers. By taking advantage of the plausibly exogenous variation in the lead arranger CEO’s earlier-career technology exposure, we also found that a 10% increase in technology investment results in a 25.68 basis point reduction in interest spreads. Our findings indicate that substantial technology investments and data advantages create entry barriers for smaller banks in price discrimination.

PROFESSIONAL SERVICE

- *Session Chair, Discussant, 2022 New Zealand Finance Meeting*
- *Discussant, 2023 CES North America Conference*
- *Discussant, Financial Management & Accounting Research Conference 2023*

TEACHING

University of Rochester

MSM502 Linear Algebra

Instructor

Evaluation: 4.9/5.0

Summer 2021

The goal of this course is to give an introduction to linear algebra. The course covers two main blocks. The first block goes into the basic concepts, calculations and linear transformations and the fundamental subspaces of vector spaces. The second block goes into least squares, orthogonalization, eigenvalues and eigenvectors, and calculating inverses of matrices. Programming using Python is introduced in applications.

FIN448 Fixed Income Securities (Instructor: Pavel Zryumov)

Teaching Assistant

Spring 2023, Spring 2022

FIN418 Quantitative Finance with Python (Instructor: Alan Moreira)

Head Teaching Assistant

Fall 2022, Fall 2021, Summer 2021, Fall 2019

FIN413 Corporate Finance (Instructor: Michael Gofman)

Teaching Assistant

Spring 2021, Fall 2019

FIN462 Foundations in Financial Economics (Instructor: Yixin Chen)

Teaching Assistant

Fall 2020, Fall 2019

University of Virginia

HONORS & AWARDS

Simon Business School, University of Rochester PhD Fellowship	2018 – 2024
Department of Economics, University of Virginia Fellowship	2016 – 2018
Department of Economics, Nankai University Scholarship by Nankai University	2010 – 2012

SKILLS & LANGUAGES

Coding: Matlab, Python, Stata, R, Stata, Julia, SAS, Fortran

Languages: English, Chinese

REFERENCES

Ron Kaniel (advisor)

Jay S. and Jeanne P. Benet Professor of Finance
Simon Business School, University of Rochester
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Christian Opp (advisor)

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Michael Gofman

Senior Lecturer in Finance
Jerusalem Business School, The Hebrew University
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Chris Yung

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