# Hui Ou-Yang

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## Employment

Senior Vice President
Head of Quantitative Strategies and Head of Quantitative Credit Research, Asia
Lehman Brothers, July 2005-

Associate Professor of Finance, Duke University, June 2005-

Assistant Professor of Finance
Duke University, July 2001- May 2005

Assistant Professor of Finance
University of North Carolina at Chapel Hill, September 1998-June 2001

Assistant Professor of Physical Chemistry
Hong Kong University of Science & Technology, November 1993-August 1994

**Research Papers** (All papers are published after appointment at Duke and in strict alphabetical order)

"Optimal Contracts in a Continuous-Time Delegated Portfolio Management Problem," *Review of Financial Studies*, 16, 173-208, (2003); Awarded the Barclays Global Investors/ Michael Brennan Runner-Up (Second Place) Award for the best paper published in Volume 16

"An Equilibrium Model of Asset Pricing and Moral Hazard," *Review of Financial Studies*, 18, 1253-1303, (2005)

"Incentives and Performance in the Presence of Wealth Effects and Endogenous Risk" (with M. Guo), *Journal of Economic Theory*, 71, (2006)

"Prospect Theory and Liquidation Decisions" (with A. S. Kyle and W. Xiong), *Journal of Economic Theory*, 71, (2006)

"Estimation of Continuous-Time Models with an Application to Equity Volatility" (with G. Bakshi and N. Ju), *Journal of Financial Economics*, forthcoming

“Capital Structure, Debt Maturity, and Stochastic Interest Rates” (with N. Ju), *Journal of Business*, 79, (2006)

“Differences of Opinion of Public Information and Speculative Trading in Stocks and Options” (with H. Cao); Winner of the Society of Quantitative Analysts Award at the 2005 Western Finance Association Meetings, *Review of Financial Studies*, revise and resubmit

“Bubbles and Panics in a Frictionless Market with Heterogeneous Expectations” (with H. Cao)

“A Continuous-Time Model of Explicit and Implicit Incentives,” (with N. Arora), *Journal of Economic Theory*, revise and resubmit

“An Agency Explanation of the Closed-End Fund Puzzle,” (with N. Arora and N. Ju), *Rand Journal of Economics*, revise and resubmit

“Asset Substitution and Underinvestment: A Dynamic View” (with N. Ju)

“A Model of Asset Pricing under Portfolio Delegation and Differential Information” (with N. Arora and N. Ju)

“Incentives, Performance, and Academic Tenure” (with S. Li)

“A Model of Asset Pricing with Market Impact Costs and Transactions Costs” (with M. Guo)

“Explicit and Implicit Incentives in a Delegated Portfolio Management Problem, Theory and Evidence” (with N. Arora)

**Manuscripts under Preparation**

“Endogenous Information and Portfolio Delegation: A Reexamination of the Grossman-Stiglitz Model” (with J. Anatolievna)

“Portfolio Delegation, Information Acquisition, and Strategic Trading” (with A. S. Kyle, and B. Wei)

**Teaching**

Latest teaching at Duke: (a) Global Financial Management (the core finance course in the Global Executive MBA program), won the teaching award in 2004; (b) Dynamic Asset Pricing Theory and its Applications (a core course in the Ph.D. program)

Prior teaching at Duke (joint with Pete Kyle): Real Options and Venture Capital

Prior teaching at UNC: Corporate Finance and Dynamic Asset Pricing Theory

## Research and Teaching Awards

Barclays Global Investors/ Michael Brennan Runner-Up (Second Place) Award for the best paper published in Volume 16 of the *Review of Financial Studies* for "Optimal Contracts in a Continuous-Time Delegated Portfolio Management Problem"

Outstanding Professor Award (Professor of the Year), Global Executive MBA, 2004

The Society of Quantitative Analysts Award at the *2005 Western Finance Association Meetings* for "Differences of Opinion of Public Information and Speculative Trading in Stocks and Options" (with H. Cao)

The third place award for the best paper presented at the *2004 China International Finance Conference* for "Differences of Opinion of Public Information and Speculative Trading in Stocks and Options" (with H. Cao)

## Doctoral Supervision

Co-chair (with Jennifer Conrad), Navneet Arora's dissertation committee (2001)
Member, Dissertation committees of Paisan Limratanamongkol (2001), Tao Lin (2003), Ge Zhang (2003), Julia Anatolievna (2004), Haofei Chen (2005), Ed Fang (2005), Ming Guo (2005), Bo Jiang (2005), and Si Li (2005)

## Invited Seminars

Duke, Maryland, and Texas, 2000
AFA, Princeton, UNC, and Wharton, 2001
AFA, Caltech, Columbia, HKU, HKUST, PKU, and UCLA, 2002
Wash U. and Yale, 2003
AFA, Hitotsubashi-Tokyo, Lehman, NBER, and NYU, 2005

## Professional Service

Program Committee: WFA (2004-present)
Referee: Econometrica, JET, JF, RFS, etc.

## Work at Lehman

The group on Quantitative Strategies advises fixed-income investors around Asia on asset allocation, benchmark design, investment style, asset/liability management, risk budgeting and diversification, performance attribution, and other quantitative aspects of the management of portfolios consisting of bonds and fixed income derivatives including CDOs. This group provides customized service to central banks, investment/commercial banks, asset managers, insurance companies, pension funds, and hedge funds.

The group on Quantitative Credit Research develops sophisticated models on credit risk derivatives for Lehman traders, as well as presents trading strategies on credits and CDOs to major Lehman clients in Asia.

In both roles, I have interacted with many of the firm's major clients in Asia, some of which are among the largest world wide.

## Education

U.C. Berkeley, Haas School of Business, Ph.D. in Finance, 1999

California Institute of Technology, Postdoctoral Fellow, 1990-1993

Tulane University, Ph.D. in Chemical Physics, 1990

Beijing University (China), M.S. in Theoretical Chemistry, 1986

Hunan Normal University (China), B.S. in Physical Chemistry, 1984

## Other Publications

H. Ou-Yang and M. Levy, "Theorem for Exact Exchange Potential," *Physical Review Letters*, **65,** 1036 (1990)

M. Levy and H. Ou-Yang, "Exact Properties of the Pauli Potential for the Square Root of the Electron Density and the Kinetic Energy Functional," *Physical Review*, **A 38**, 625, (1989)

H. Ou-Yang and M. Levy, "On Path-Dependence of the Exchange Potential in Density Functional Theory, *Physical Review*, **A 41**, 4038 (1990)

H. Ou-Yang and M. Levy, "Nonuniform Coordinate Scaling Requirements in Density Functional Theory," *Physical Review*, **A 42**, 155 (1990)

M. Levy and H. Ou-Yang, "Nonuniform Coordinate Scaling Requirements for Exchange-Correlation Energy," *Physical Review,* **A 42,** 651 (1990)

H. Ou-Yang and M. Levy, "Theorem for Functional Derivatives in Density Functional Theory," *Physical Review,* **A 44,** 54 (1991)

H. Ou-Yang and M. Levy, “Approximate Noninteracting Kinetic Energy Functionals,” *International Journal of Quantum Chemistry*, **40**, 379 (1992)

H. Ou-Yang, B.C. Kallebring, and R.A. Marcus, “Surface Properties of Solids Using a Semi-Infinite Approach and the Tight-Binding Approximation,” *Journal of Chemical Physics,* **98,** 7405 (1993)

H. Ou-Yang, B.C. Kallebring, and R.A. Marcus, “A Theoretical Model of Scanning Tunneling Microscopy,” *Journal of Chemical Physics*, **98**, 7565 (1993)

H. Ou-Yang, R.A. Marcus, and B.C. Kellebring, “Scanning Tunneling Microscopy Theory for an Adsorbate,” *Journal of Chemical Physics,* 100, 7814 (1994)

***** Mel Levy is a fellow of American Physical Society
* Rudy Marcus is a Nobel Laureate