

## Francis A. Longstaff

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Francis A. Longstaff  
Allstate Professor of Insurance and Finance  
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### Education:

Ph.D. in Finance, University of Chicago, 1987  
Bachelor of Arts, Accounting, University of Utah, 1982 (First in Class)  
Master of Business Administration, University of Utah, 1980 (First in Class)  
Bachelor of Arts, Finance, University of Utah, 1979 (Magna Cum Laude)

### Certifications:

Chartered Financial Analyst (CFA)  
Certified Public Accountant (CPA)

### Awards:

1990, Chicago Board of Trade Award for Outstanding Research  
1991, Research Excellence Award, Pacific-Basin Capital Markets Conference  
1992, The Pace Setters Research Award, College of Business, The Ohio State University  
1994, Milken Foundation Research Grant  
2002, Earl F. Cheit Outstanding Teaching Award, Walter A. Haas School, University of California at Berkeley  
2005, Barclays Global Investors/Michael Brennan Award for the best paper in the *Review of Financial Studies*  
2006, Referee of the Year, *Review of Financial Studies*  
2007, Earl F. Cheit Outstanding Teaching Award, Walter A. Haas School, University of California at Berkeley  
2008, Graham and Dodd Award, *Financial Analysts Journal*  
2011, Elected President of the Western Finance Association  
2012, First Prize, Fama/DFA Prize for Capital Markets and Asset Pricing, *Journal of Financial Economics*  
2014, UCLA Anderson MFE Program, Teaching Excellence Award  
2014, Honorable Mention, AQR Insight Award

2015, Amundi Smith Breeden Distinguished Paper Prize,  
*Journal of Finance*  
 2015, JFQA William F. Sharpe Best Paper Award  
*Journal of Financial and Quantitative Analysis*  
 2016, Honorable Mention, AQR Insight Award  
 2018, Honorable Mention, AQR Insight Award  
 2019, IAQF Northfield Financial Engineer of the Year

## Academic Appointments:

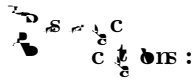
UCLA/Anderson School of Management  
 2013–2018, Senior Associate Dean and Director of the Doctoral Program  
 2004–Present, Allstate Professor of Insurance and Finance  
 1996–2004, Professor  
 1993–1996, Associate Professor

Walter A. Haas School, University of California at Berkeley  
 2001–2009, 2016, 2019, Visiting Professor of Finance,  
 Master of Financial Engineering Program

College of Business, The Ohio State University  
 1991–1993, Associate Professor  
 1987–1991, Assistant Professor

## Employment History:

1978–1979, American Equity Corporation, Mortgage Escrow Officer,  
 Mortgage Lending Officer  
 1980–1981, JPS Financial Consultants, Financial Consulting and  
 Litigation Support  
 1981–1983, Deloitte Haskins and Sells, Senior Consultant, Management  
 Advisory Services  
 1984–1987, Chicago Board of Trade, Research Economist  
 1988–1994, Consultant, First Boston, Union Bank of Switzerland,  
 Chicago Research and Trading, etc.  
 1995–1998, Salomon Brothers Inc., Head of Fixed Income  
 Derivative Research, New York  
 1998–2008, Simplex Asset Management, Investment Committee  
 of Hedge Fund, and Chief Investment Officer of Fund of Funds  
 1998–Present, Simplex Holdings, Consultant  
 2000–2016, Pacific Investment Management Company (PIMCO),  
 Consultant, Training, Sabbatical from UCLA (Fall, 2007)  
 2008–2010, Barclays Global Investors, Consultant  
 2010–2015, Blackrock Inc., Consultant



1. Pricing Options on Agricultural Futures: An Application of the Constant Elasticity of Variance Option Pricing Model (with J. Choi), *Journal of Futures Markets* 5 (Summer), 247-258, 1985.
2. A Nonlinear General Equilibrium Model of the Term Structure of Interest Rates, *Journal of Financial Economics* 23, 195-224, 1989.
3. Temporal Aggregation and the Continuous-Time Capital Asset Pricing Model, *Journal of Finance* 44, 871-887, 1989.
4. Pricing Options with Extendible Maturities: Analysis and Applications, *Journal of Finance* 45, 935-957, 1990.
5. Time Varying Term Premia and Traditional Hypotheses About the Term Structure, *Journal of Finance* 45, 1307-1314, 1990.
6. The Valuation of Options on Yields, *Journal of Financial Economics* 26, 97-121, 1990.
7. General Equilibrium Stock Index Futures Prices: Theory and Empirical Evidence, (with M. Hemler), *Journal of Financial and Quantitative Analysis* 26, 287-308, 1991.
8. An Empirical Comparison of Alternative Models of the Short-Term Interest Rate, (with K.C. Chan, A. Karolyi, and A. Sanders), *Journal of Finance* 47, 1209-1227, 1992.
9. Dual Trading in Futures Markets (with M. Fishman), *Journal of Finance* 47, 643-671, 1992.
10. Multiple Equilibria and Term Structure Models, *Journal of Financial Economics* 32, 333-344, 1992.
11. Are Negative Option Prices Possible? The Callable U.S. Treasury-Bond Puzzle, *Journal of Business* 65, 571-592, 1992.
12. Interest Rate Volatility and the Term Structure: A Two-Factor General Equilibrium Model (with E.S. Schwartz), *Journal of Finance* 47, 1259-1282, 1992.
13. A Two-Factor Interest-Rate Model and Contingent Claims Valuation (with E.S. Schwartz), *Journal of Fixed Income* 2 (December), 16-23, 1992.
14. The Valuation of Options on Coupon Bonds, *Journal of Banking and Finance* 17, 27-42, 1993.
15. Bid-Ask Spreads and Trading Activity in the S&P 100 Index in Options Markets, (with T. George), *Journal of Financial and Quantitative Analysis* 28, 381-397, 1993.
16. Interest Rate Volatility and Bond Prices (with E.S. Schwartz), *Financial*

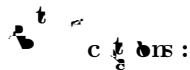
*Analysts Journal* 49 (July–August), 70-74, 1993.

17. Implementation of the Longstaff Schwartz Interest Rate Model (with E.S. Schwartz), *The Journal of Fixed Income* 3 (September), 7-14, 1993.
18. The Impact of Transaction Fees and Taxes on Trading Volume and Market Liquidity, *The Journal of Financial Engineering* 2, 15-17, 1993.
19. The Benefits and Costs of Dual Trading, *The Journal of Financial Engineering* 2, 51-54, 1993.
20. Electronic Screen Trading and the Transmission of Information: An Empirical Examination (with A. Grunbichler), *Journal of Financial Intermediation* 3, 166-187, 1994.
21. Calling Nonconvertible Debt and the Problem of Related Wealth Transfer Effects, (with B. Tuckman), *Financial Management* 23, 21-27, 1994.
22. Comments on A Note on Parameter Estimation in the Two-Factor Longstaff and Schwartz Interest Rate Model (with E.S. Schwartz), *The Journal of Fixed Income* 3 (March), 101-102, 1994.
23. Option Pricing and the Martingale Restriction, *Review of Financial Studies* 8, 1091-1124, 1995.
24. A Simple Approach to Valuing Risky Fixed and Floating Rate Debt (with E.S. Schwartz), *Journal of Finance* 50, 789-819, 1995.
25. How Much Can Marketability Affect Security Values?, *Journal of Finance* 50, 1767-1774, 1995.
26. Hedging Interest Rate Risk with Options on Average Interest Rates, *The Journal of Fixed Income* 5 (March), 37-45, 1995.
27. Valuing Credit Derivatives (with E.S. Schwartz), *The Journal of Fixed Income* 5 (June), 6-12, 1995.
28. Throwing Good Money After Bad? Cash Infusions and Distressed Real Estate (with B. Cornell and E.S. Schwartz), *Real Estate Economics* 24, 23-41, 1996.
29. Placing No-Arbitrage Bounds on the Value of Nonmarketable and Thinly-Traded Securities, *Advances in Futures and Options Research* 8, 203-228, 1996.
30. Valuing Futures and Options on Volatility (with A. Grunbichler), *Journal of Banking and Finance* 20, 985-1001, 1996.
31. Arbitrage and the Expectations Hypothesis, *Journal of Finance* 55, 989-994, April 2000.

32. Financial Innovation and the Role of Derivative Securities: An Empirical Analysis of the Treasury STRIPS Program (with M.S. Grinblatt), *Journal of Finance* 55, 1415-1436, 2000.
33. The Term Structure of Very Short-Term Rates: New Evidence for the Expectations Hypothesis, *Journal of Financial Economics* 58, 397-415 2000.
34. Optimal Portfolio Choice and the Valuation of Illiquid Securities, *Review of Financial Studies* 14, 407-431, 2001.
35. Valuing American Options by Simulation: A Simple Least-Squares Approach, (with E.S. Schwartz), *Review of Financial Studies* 14, 1, 113-147, 2001.
36. Throwing Away a Billion Dollars: The Cost of Suboptimal Exercise Strategies in the Swaptions Market (with P. Santa-Clara and E.S. Schwartz), *Journal of Financial Economics* 62, 39-66, 2001.
37. The Relative Valuation of Caps and Swaptions: Theory and Empirical Evidence (with P. Santa-Clara and E.S. Schwartz), *Journal of Finance* 56, 2067-2109, 2001.
38. Dynamic Asset Allocation with Event Risk (with J. Liu and J. Pan), *Journal of Finance* 58, 231-259, 2003.
39. Paper Millionaires: How Valuable is Stock to a Stockholder Who is Restricted from Selling it? (with M. Kahl and J. Liu), *Journal of Financial Economics* 67, 385-410, 2003.
40. The Flight-to-Liquidity Premium in U.S. Treasury Bond Prices, *Journal of Business* 77, 511-526, 2004.
41. Losing Money on Arbitrage: Optimal Dynamic Portfolio Choice in Markets with Arbitrage Opportunities (with J. Liu), *Review of Financial Studies* 17, 611-641, 2004.
42. Electricity Forward Prices: A High-Frequency Empirical Analysis (with A.W. Wang), *Journal of Finance* 59, 1877-1900, 2004.
43. Corporate Earnings and the Equity Premium (with M. Piazzesi), *Journal of Financial Economics* 74, 401-421, 2004.
44. Corporate Yield Spreads: Default Risk or Liquidity? New Evidence from the Credit Default Swap Market (with S. Mithal and E. Neis), *Journal of Finance* 60, 2213-2253, 2005.
45. Borrower Credit and the Valuation of Mortgage-Backed Securities, *Real Estate Economics* 33, 619-661, 2005.
46. The Market Price of Risk in Interest Rate Swaps: The Roles of Default

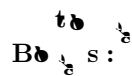
- and Liquidity Risks (with J. Liu and R. Mandell), *Journal of Business* 79, 2337-2360, 2006.
47. Risk and Return in Fixed Income Arbitrage: Nickels in Front of a Steamroller? (with J. Duarte and F. Yu), *Review of Financial Studies* 20, 769-811, 2007.
  48. The U.S. Treasury Buyback Auctions: The Cost of Retiring Illiquid Bonds (with B. Han and C. Merrill), *Journal of Finance* 61, 2673-2693, 2007.
  49. Two Trees (with J.H. Cochrane and P. Santa-Clara), *The Review of Financial Studies* 21, 347-385, 2008.
  50. An Empirical Analysis of the Pricing of Collateralized Debt Obligations (with A. Rajan), *Journal of Finance* 63, 529-563, 2008.
  51. Systemic Credit Risk: What is the Market Telling Us? (with V. Bhansali and R. Gingrich), *Financial Analysts Journal* 64 (July/August), 2008.
  52. Portfolio Claustrophobia: Asset Pricing in Markets with Illiquid Assets, *American Economic Review* 99, 1119-1144, 2009.
  53. The Subprime Credit Crisis and Contagion in Financial Markets, *Journal of Financial Economics* 97, 436-450, 2010.
  54. Municipal Debt and Marginal Tax Rates: Is There a Tax Premium in Asset Prices?, *Journal of Finance* 66, 721-751, 2011.
  55. How Sovereign is Sovereign Credit Risk? (with J. Pan, L. Pedersen, and K. Singleton), *American Economic Journal: Macroeconomics* 3, 75-103, 2011.
  56. Corporate Bond Default Risk: A 150-Year Perspective (with K. Giesecke, I. Strebulaev, and S. Schaefer), *Journal of Financial Economics* 102, 233-250, 2011.
  57. Counterparty Credit Risk and the Valuation of Credit Default Swaps (with N. Arora and P. Gandhi), *Journal of Financial Economics* 103, 280-293, 2012.
  58. Asset Pricing and the Credit Markets (with J. Wang), *Review of Financial Studies* 25, 3169-3215, 2012.
  59. Systemic Sovereign Default Risk: Lessons from the U.S. and Europe (with A. Ang), *Journal of Monetary Economics* 60, 493-510, 2013.
  60. Macroeconomic Effects of Corporate Bond Default Crises: A 150-Year Perspective (with K. Giesecke, I. Strebulaev, and S. Schaefer), *Journal of Financial Economics* 111, 297-310, 2014.
  61. Disagreement and Asset Prices (with Bruce I. Carlin and Kyle Matoba),

- Journal of Financial Economics* 114, 226-238, 2014.
62. The TIPS–Treasury Bond Puzzle (with H. Lustig and M. Fleckenstein), *Journal of Finance* 69, 2151-2197, 2014.
  63. How Does the Market Value Toxic Assets? (with B. Werners), *Journal of Financial and Quantitative Analysis* 49, 297-319, 2014.
  64. Deflation Risk, (with M. Fleckenstein and H. Lustig), *Review of Financial Studies* 30, 2719-2760, 2017.
  65. Advance Refundings of Municipal Bonds (with A. Ang, R. Green, and Y. Xing, *Journal of Finance* 72, 1645-1682, 2017.
  66. Macroeconomic-Driven Prepayment Risk and the Valuation of Mortgage-Backed Securities (with M. Chernov and B. Dunn), *Review of Financial Studies* 31, 1132-1183, 2017.
  67. Valuing Thinly Traded Assets, *Management Science* 64(8), 3868-3878, 2017.
  68. Corporate Taxes and Leverage: A Long-Term Historical Perspective (with M. Fleckenstein and I. Strebulaev), *Critical Finance Review* 9, 1-28, 2020.
  69. The U.S. Treasury Floating Rate Note Puzzle: Is there a Premium for Mark-to-Market Stability (with M. Fleckenstein), *Journal of Financial Economics* 137, 637-658, 2020.
  70. Renting Balance Sheet Space: Intermediary Balance Sheet Rental Costs and the Valuation of Derivatives, (with M. Fleckenstein), *Review of Financial Studies* 33, 5051-5091, 2020.
  71. Asset Mispricing (with K. Lewis and L. Petrasek), *Journal of Financial Economics*, 41, 981-1006, 2021.
  72. The Market Risk Premium for Unsecured Consumer Credit Risk (with M. Fleckenstein), *Review of Financial Studies*, forthcoming.

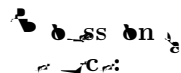


1. From Dwarf to Stream: an Extremely Tidal Distorted Galaxy Near NGC 4449 (with R.M. Rich, M.L.M. Collins, C.M. Black, A. Koch, J. Benson, and D.B. Reitzel), *Nature*, 9 February 2012.
2. A Formal Method for Identifying Distinct States of Variability in Time-Varying Sources: Sgr A\* as an Example, (with L. Wyer, G. Witzel, and A. M. Ghez), *Astrophysical Journal* 791: 24, 1-9, 2014.
3. Another Look at the Size of the Low-Surface Brightness Galaxy VCC 1661 in the Virgo Cluster (with A. Koch, C. Black, R.M. Rich, M. Collins, and J. Janz, *Astronomical Notes* 338: 4, 503-509, 2017.

4. The Halos and Environments of Nearby Galaxies (HERON) Survey, (with R. M. Rich, N. Brosch, J. Bullock, A. Burkert, M. Collins, L. de Groot, J. Kennefick, A. Koch, and L. Sales, *Formation and Evolution of Galaxy Outskirts*, Proceedings IAU Symposium No. 321, 2016, International Astronomical Union 2017.
5. The Volatility of Japanese Interest Rates: A Comparison of Alternative Alternative Term Structure Models (with K.C. Chan, A. Karolyi, and A. Sanders), 19–136 in *Pacific Basin Capital Markets Research Volume III* S. Rhee and R. Change, (Eds.), North Holland, Amsterdam, 1992


 Bios:

*Journal of Financial and Quantitative Analysis*, 1993–Present  
*Advances in Futures and Options Research*, 1993–1995  
*Review of Financial Studies*, 1993–1995, 2003–2006  
*Journal of Banking and Finance*, 1994–2000  
*Journal of Fixed Income*, 1994–Present  
*Journal of Derivatives*, 1994–Present  
*Journal of Financial Engineering*, 1994–2000  
*Journal of Computational Finance*, 1997–2000  
*Journal of Empirical Finance*, 1998–2000  
*Finance Research Letters*, 2003–2010  
*Review of Derivatives Research*, 2003–2006  
*Journal of Finance*, 2006–2011  
*Financial Analysts Journal*, 2010–Present  
*Review of Asset Pricing Studies*, 2011–2016


 Bios:

1996–1998, Advisory Board, MBA Track in Financial Engineering,  
 Sloan School of Management, MIT  
 2004–2007, Board of Directors, American Finance Association  
 2002–Present, Research Associate, National Bureau of Economic Research  
 2005, Member Search Committee for Editor of the Journal of Finance  
 2008–2009, Board of Directors, Western Finance Association  
 2008–2010, Board of Trustees and Chairman of the Audit Committee,  
 The Research Foundation of CFA Institute  
 2009, Founding Executive Director, UCLA Master of Financial  
 Engineering Program  
 2009–2010, Vice President, Western Finance Association



Books:

1999-2002, Simplex Technology, Inc.

Testimony

1. The California Public Employees Retirement System (CalPERS) v. Moody's Corp, Moody's Investor Services Inc, Standard & Poor's, Fitch Inc, Fitch Group, Inc., Fitch Rating, Ltd., The McGraw Hills Companies.
2. Ellis v. Fidelity Management Trust Co.
3. Financial Guarantee Insurance Company v. The Putnam Advisory Company LLC.
4. Ortiz v. American Airlines, the American Airlines Pension Asset Administration Committee, and the American Airlines Federal Credit Union.
5. Jon Hoak, Anthony Fano, Allan Quick, Patricia Giering, and Nancy Parin v. Plan Administrator of the Plans of NCR Corporation.
6. Western Shoshone Identifiable Group et. al. v. The United States et. al.

(CV current as of December 2021).