

MENGNAN ZHU

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EDUCATION

Ph.D. in International Economics and Finance Brandeis University, International Business School	Expected May 2022
M.S. in Finance Brandeis University, International Business School	2017
MBA The State University of New York at New Paltz	2010
B.S. in Business Shandong Technology and Business University	2008

RESEARCH INTERESTS

Fields: Empirical Corporate Finance, Entrepreneurship, Innovation, Machine Learning
 Topics: Capital Structure, IPO, Venture Capital, Financial Regulation

WORKING PAPERS

“Does the Confidential IPO Registration Process Create Value?” (Job Market Paper)
Selected Presentations: EFA 2022, FMA 2021 DSC, NFA 2021, UT Austin PhD Symposium

This paper studies the confidential IPO registration process adopted by 86% of firms since the JOBS Act of 2012. Using textual analysis, I am the first to investigate the changes in information content between draft registration statements (DRS) and corresponding formal prospectus (Form S-1). I show that valuable information is produced during the confidential review process between the firm and SEC. I construct a novel proxy for the content of SEC comment letters before their release, which leads to a 4.5% cumulative abnormal return. I find that changes in the proportion of positive words are strongly associated with operating performance, reflecting the fundamental value of offerings. Moreover, changes in word content indicate changes in firm’s information environment that can further explain offer price adjustment and underpricing. Lastly, the evidence suggests the confidential review process significantly improved disclosure transparency, while SEC has remained neutral in the firm’s withdrawal decision.

“Who You Are Matters More Than What You Do: Financing Expectations and Firm Performance” (with Mark Kamstra, Debarshi Nandy, Pei Shao)

The decision-making process of firms’ security issuance has been hypothesized in prior studies to be an adjustment toward optimal capital structure, a signal of true firm value in the presence of information asymmetry, or an attempt to take advantage of higher valuation through market timing. We contribute to and extend this literature using

transaction-level data and accounting for self-selection in security issuance choice. Using traditional econometric and machine learning techniques, we develop security choice models for predicting firm financing choices based on ex-ante financing expectations. The paper examines the impact of ex-ante financing expectations on the announcement effect, long-run stock performance, and long-run operating performance, subsequent to debt and equity issuance. We find heterogeneous market reaction to security issuance across financing expectations. We show market reacts to the type of firm that undertakes a surprise issuance and not to the particular security type per se.

“Is Going Public via SPAC Regulatory Arbitrage? A Textual Analysis Approach”
(with Yaxuan Wen)

We study firms’ incentives of going public via Special Purpose Acquisition Company (SPAC). We argue that going public via SPAC is regulatory arbitrage, through which firms circumvent the SEC review process in conventional IPO registration by providing less comprehensive and over-confident disclosures to the public. Using textual analysis, we compare the information content of prospectuses and merger proxy statements in SPAC IPOs to their propensity-score-matched IPO peers. We find that SPAC IPOs contain 44% less pessimistic statements, 61% more definitive statements, and 53% fewer unique financial words. Additionally, we show that the differences in the above-mentioned aspects between SPAC IPOs and their peers become negligible in mandatory annual report filings, where regulatory arbitrage no longer exists. Lastly, we document the impact of regulatory arbitrage on firms’ litigation risk, operating performance, and stock performance. We call for specific regulations on SPAC IPOs to maintain information transparency and a fair public capital market.

WORKS IN PROGRESS

“Are IPOs Systemically Overvalued? Insights From Prospectus” (with Debarshi Nandy)

CONFERENCES AND PRESENTATIONS

The 58th Annual Eastern Finance Association (EFA) Meeting	2022
The 61st Annual Southwestern Finance Association (SWFA) Conference	2022
The 2021 FMA Annual Meeting Doctoral Student Consortium	2021
The 2021 Northern Finance Association (NFA) Annual Meeting	2021
The 2nd PhD Symposium on Financial Market Research & Policy Developments	2021
The Annual Financial Markets and Corporate Governance Conference (FMCG)	2021
The Shanghai Lixin Conference on Interdisciplinary Research of Finance	2021

GRANTS AND AWARDS

Brandeis University Provost Dissertation Fellowship	2021
Rosenberg Institute of Global Finance Research Grant	2019, 2020, 2021
The American Finance Association (AFA) PhD Student Travel Grant	2020
Full Doctoral Fellowship, Brandeis International Business School	2017 – 2021

TEACHING EXPERIENCE

Instructor, Brandeis International Business School

Corporate Finance	(Graduate) [4.6/5]	Hybrid, Spring 2020
Statistics for Economic Analysis	(Undergraduate) [4.5/5]	Summer 2019
Microeconomic Theory	(Undergraduate) [4.6/5]	Summer 2018/2021

Teaching Assistant, Brandeis International Business School

Modern Finance, FinTech and Beyond	(Graduate)	Remote, Spring 2021
Predictive Analytics and Corporate Innovation	(Graduate)	Remote, Fall 2020
Trading and Exchanges	(Graduate)	Spring 2019
Options and Derivatives Theory	(Doctoral)	Fall 2018
Applied Risk Management	(Graduate)	Spring 2017

Teaching Assistant, The Heller School for Social Policy and Management

Corporate Finance	(Executive MBA)	2019, 2020, 2021
Corporate Finance for Nonprofit	(Graduate)	Summer 2018/2019/2020

UNIVERSITY SERVICES

(At Brandeis International Business School)

Student representative, Dean Search Committee	Fall 2017
Student representative, Board of Directors	Fall 2016

WORK EXPERIENCE (NON-ACADEMIC)

Enterprise Projects Ventures Ltd.	Part-time, 2016 – 2017
Financial Risk Advisor, Department of Asset Financing	Boston, MA
Jared Times Investment Co.	2011– 2015
Senior Financial Analyst, Department of Investment	Beijing, China

SKILLS

Certificates	Project Management Professional (PMP®)
Languages	Mandarin Chinese (native), English (fluent)
Programming	Stata, Python, MATLAB, L ^A T _E X, HTML, R

OTHER PUBLICATIONS

M. Zhu, 2020. "GRSFTEST: Stata module to perform the Gibbons, Ross, Shanken test of mean-variance efficiency of asset returns," *Statistical Software Components S458828*, Boston College Department of Economics.

DISSERTATION COMMITTEE

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