

MENGNAN ZHU

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ACADEMIC POSITIONS

Assistant Professor in Finance, Dickinson College	2022-
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EDUCATION

Ph.D. in International Economics and Finance Brandeis University, International Business School	2017-2022
M.S. in Finance Brandeis University, International Business School	2015-2016
MBA The State University of New York at New Paltz	2009-2010
B.S. in Business Shandong Technology and Business University	2004-2008

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: FMA 2022, EFA 2022, CICF 2022, NFA 2021

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.

“Is Going Public via SPAC Regulatory Arbitrage?” (with Yaxuan Wen)

Highlights: As the Formal Submission for Public Comments on SEC Proposed SPAC Regulation, Best Doctoral Paper Finalist at ABFE 2022

We study firms’ incentives of going public via Special Purpose Acquisition Company (SPAC). We argue that going public via deSPAC merger is regulatory arbitrage, through which firms circumvent the SEC review process in conventional IPO registration and provide less comprehensive but overconfident disclosures to the public. Using textual analysis, we compare the information content of prospectuses and proxy statements in deSPAC merger to their propensity-score-matched IPO peers. We find that deSPAC merger filings contain 44% less pessimistic statements, 59% more definitive statements, and 56% fewer unique financial words. Additionally, we show that the differences in the above-mentioned aspects become negligible in post-public mandatory annual report filings, where regulatory arbitrage no longer exists. Lastly, we document the impact of regulatory arbitrage on firms’ post-public litigation risk and stock performance. We call for unified regulations overseeing alternative going-public methods to maintain a transparency and fair public capital market.

“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.

SELECTED WORKS IN PROGRESS

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

“ESG Ratings with Heterogeneous Beliefs” (with Debarshi Nandy)

“Changing Industry During IPO: Cherry-picking or Strategic-transformation?”
(with Chi Zhang)

CONFERENCES AND PRESENTATIONS

2022 FMA Annual Meeting (Scheduled)	2022
2022 China International Conference in Finance (CICF)	2022
The 58th Annual Eastern Finance Association (EFA) Meeting	2022
The 61st Annual Southwestern Finance Association (SWFA) Conference	2022
2021 FMA Annual Meeting Doctoral Student Consortium	2021
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

Dickinson College Dean's 1% Fund	2022
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

Assistant Professor, Dickinson College

Corporate Finance (Undergraduate) [-]	Fall 2022
Introduction to Finance (Undergraduate) [-]	Fall 2022

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^AT_EX, 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. (3202 installations as of August 2022)

DISSERTATION COMMITTEE

Debarshi K. Nandy (Chair)

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